iFundTraders.com

Your path to professional trading starts here™

"7-Day Master Trader Program" an introduction to trading for a living

CHAPTER 1

iFundTraders.com

Disclaimer

Copyright© 2007- 2011 iFundtraders

Published iFundtraders

All rights covered

Reproduction or translation of any part of this work beyond that permitted by section 107 or 108 of the 1976 United States Copyright Act without the permission of the copyright owner is unlawful. Requests for permission or further information should be addressed to the Permissions Department at iFund Traders, LLC.

iFund Traders, LLC is advising anyone to trade or use any system illustrated in this course. These are educational examples of science of system testing and development that iFundtraders, LLC want to share with you. None of the information illustrated in these examples is to be construed as offers to buy or sell commodities, stocks, or any other financial instrument. None of the information presented purports to be a complete statement of all material facts related to trading.

Also, simulated performance results have certain inherent limitations; the results do not represent actual trading. Since many of the trades in this series have not been executed, the results may have under or over compensated for the impact, if any, of certain market factors, such as lack of liquidity. No representation is being made that the systems, methods or ideas shown in this course will produce the results that are described or illustrated.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers.

Active trading is an activity that possesses a high level of risk and may not be suitable for everyone.

ISBN 1-59280-253-2

Printed in the United States of America.

Your path to professional trading starts here™

iFundtraders.com

Oliver L. Velez *Presents...* Questions? (866) 877-6124 Info@iFundTraders.com

Para espanol:latam.ifundtraders.com

iFundTraders.com

Your path to professional trading starts here™

Trader Login

Chat: **Live Help** Online

Home | About | Training | Programs | Events | Services | FAQ | Contact

iFundTraders 7-Day Master Trader Program

A Complete Guide to Trading for a Living

Oliver L. Velez, the trading industry's most recognized educator has designed a brand new training program which is comprised of a 2-day course, combined with an intensive 5-day live trading lab. This unique training program is specifically designed for traders who harbor the desire to earn their entire livelihood from the markets. iFT 7-Day Master Trader Program: A Complete Guide to Trading for a Living will walk the trader through several very specific styles that are best suited for what Mr. Velez calls "high octane trading." When the goal is to earn a living from the markets, there are only a small handful of styles that are appropriate.

READ MORE

Student Highlight
iFT Student Earns Highest Qualifying Profit in NY Expo Live Trading Challenge
Our Student Competes Against Professional Traders at the NY Traders Expo!
Watch the interview: Hear directly from an iFT student the power of iFT's trading methods

Latest News
Winner of NY Expo Live Trading Challenge Joins iFT Master Trader Program!
Winner takes next step in his journey to trading mastery!
Read More: Learn directly from the winning trader why he chose iFT

Upcoming Events

Get Trained & Funded

May 10 - Real Wealth with Oliver Velez: How to Bu... Register Share

May 17 - Mastering the 24hr Forex Market with Ful... Register Share

Forex & CFD Trading Programs

Full Funding for Forex Traders

Learn More

Equity & ETF Trading Programs

Full Funding for Equity Traders

Learn More

Real-Time Trading Services

Live Analysis and Trade Candidates

Learn More

Your path to professional trading starts here™

iFundTraders.com

iFundtraders.com

Trade with Oliver Velez' Money
No Risk to You! Start with $75,000!

The iFT 7-Day Master Trader Programs are so powerful that each full-fledged graduate is hired by our preferred professional trading organization and given access to $75,000 in buying power to trade at no risk to the student. After certain performance requirements are met, the student can trade with as much as $2,000,000 in buying power. The trading firm absorbs all losses, while the trader shares in the net profits derived from his trading. Traders who join our elite trading team enjoy some of the best payouts and institutional privileges in the industry. Call us right now to find out if you have what it takes to become a mem- ber of one of the fastest growing proprietary trading teams in the United States.

iFT Trading Videos & Tutorials

Oliver Velez: The Elephant Walk

In this special presentation, Oliver Velez will teach you how to profit along side of institutional money.

Dr. Mielcarski: Trade Strategy

Watch Dr. Dan Mielcarski as he analyzes the market, calls trades, and leads iFT traders throughout the trading day.

Dr. Mielcarski: Live Trading Session

In this recorded Open House, you will witness the power of iFT's trading methods as our master traders pull profits from the market live.

View More >>

What People Are Saying

"I think you guys have put together a truly remarkable program to allow a person like myself the ability to seriously become a professional trader."
- John Dyer

"I retired four years ago from IBM and have spent 10's of thousands on training from Investools, Fishback, Carter, OptionForecast, etc. None of these comes close to the value I received this week."
- Bill Schwaner

Read More

iFT Overheard On Twitter

Live trader has a nice one K day! http//fb.me/FqBYfpw4
@iFundTraders ***3 hours ago***

ReTweet This

NOV - Buck-a-roo on the bounce - off 75 - target called was 76.50 - sold into the flurry in the mid and high 40's - nice trade for the room!
@iFundTraders ***7 days ago***

ReTweet This

The 935 play - full lesson detail with Dr. Dan http
@iFundTraders ***8 days ago***

ReTweet This

iFundTraders.com

Your path to professional trading starts here™

Candles Light The Way The

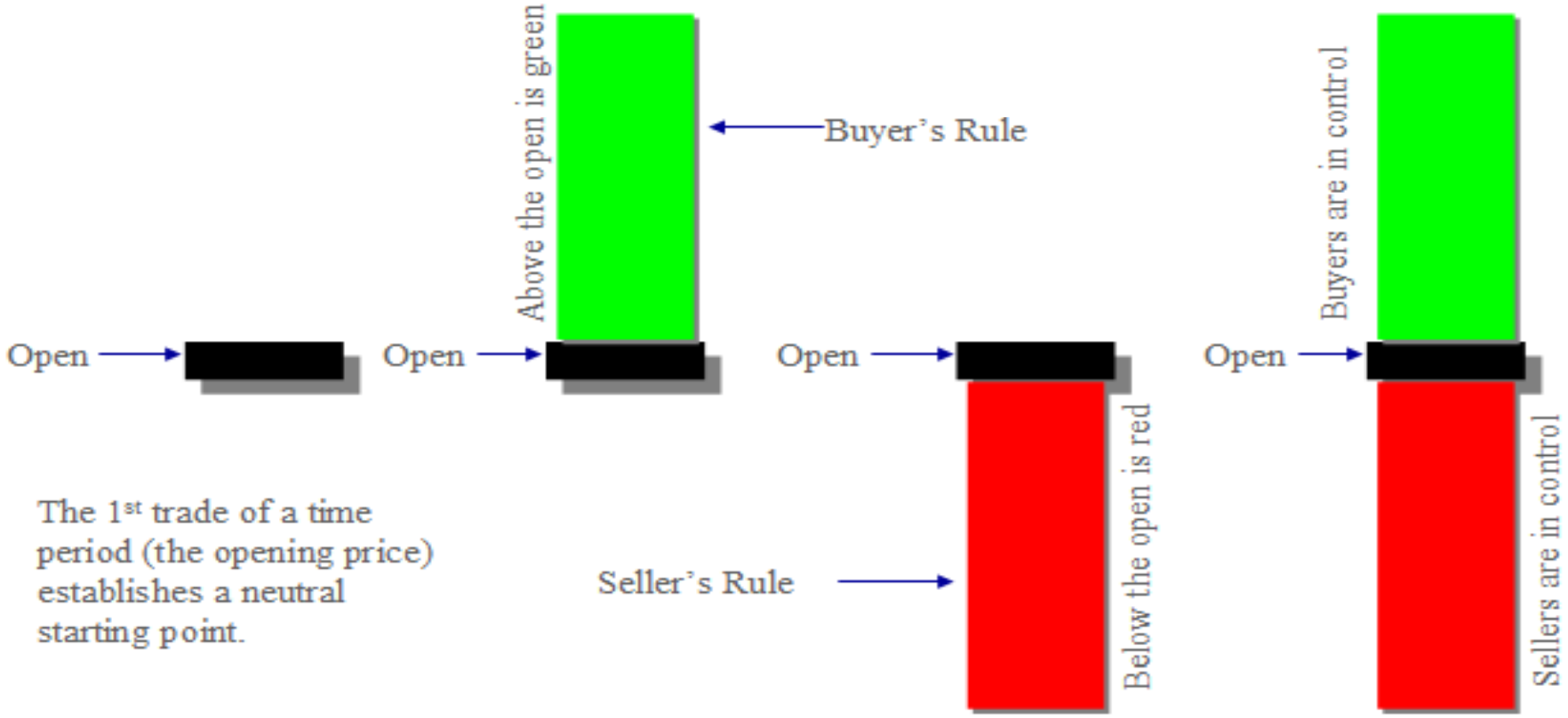
Market's Four Major Ticks

CHAPTER 2

"Every single transaction is both a buy and a sell, and is therefore neutral. The opening transaction or tick, for any time frame is the most important for iFund Traders" – Oliver L. Velez

iFundTraders.com

The 'Opening' is Everything

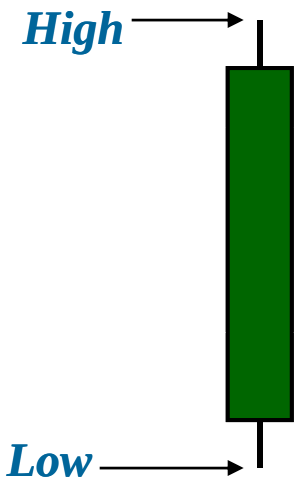


Tip: 82% of the time, a stock will continue or follow-through on the solid color of its last bar

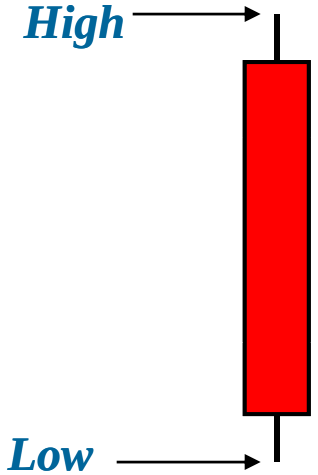
iFund Traders Tip: The opening trade of a time period determines the starting point. The further a stock rises above the open, the stronger the bulls. The further a stock drops below the opening price, the stronger the bears.

iFundTraders.com

The ELEPHANT BAR



Bulls Win



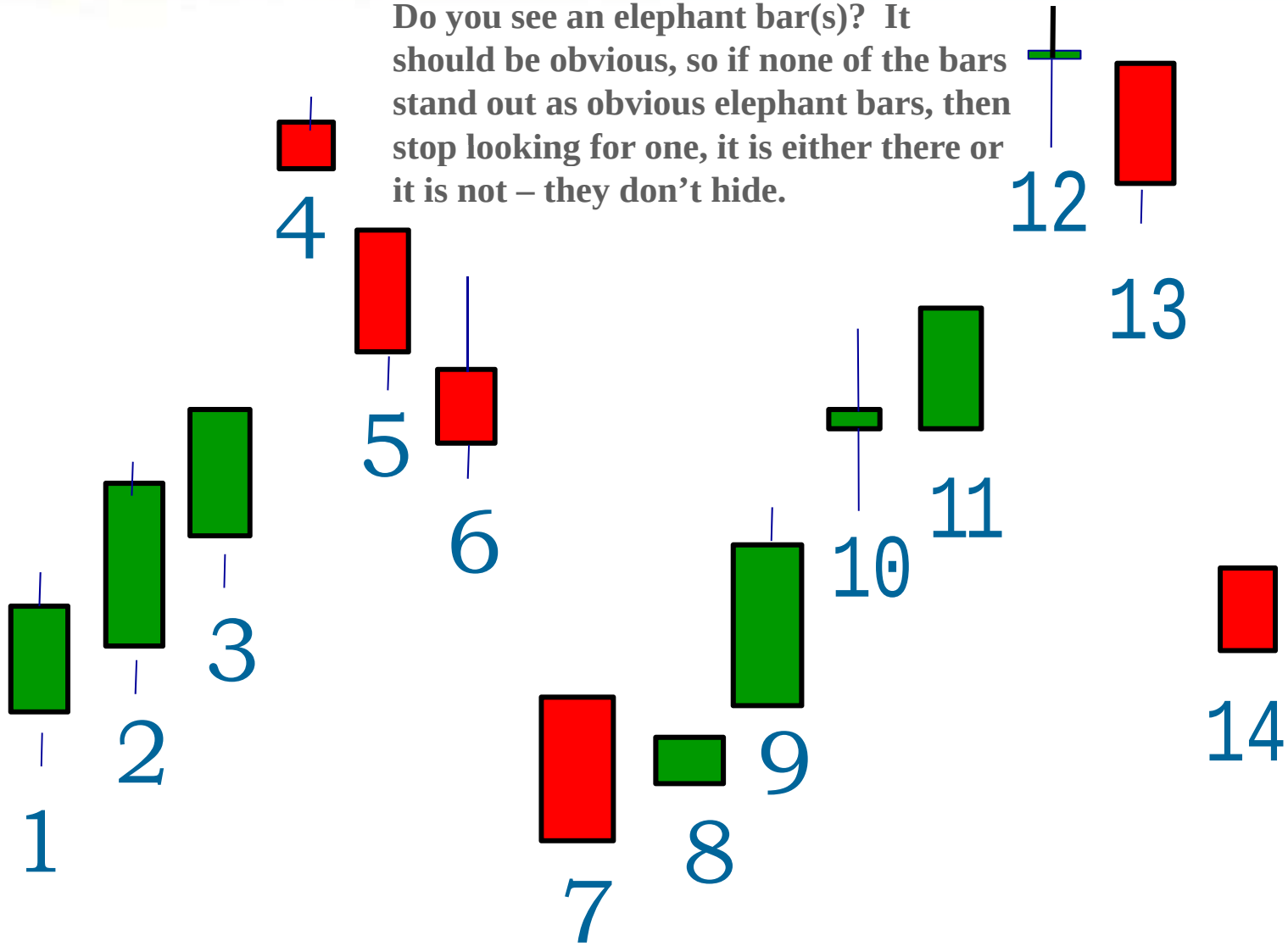
Bears Win

Every individual bar represents a battle that was fought by two groups, the bulls and bears, the buyers and sellers. When the close is well above the open, the bulls win, producing the color green. When the close is well below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win. When the bar is big, relative to the recent bars on the chart, it is called an "elephant" bar.

iFundTraders.com

Elephant Bars

Do you see an elephant bar(s)? It should be obvious, so if none of the bars stand out as obvious elephant bars, then stop looking for one, it is either there or it is not – they don't hide.



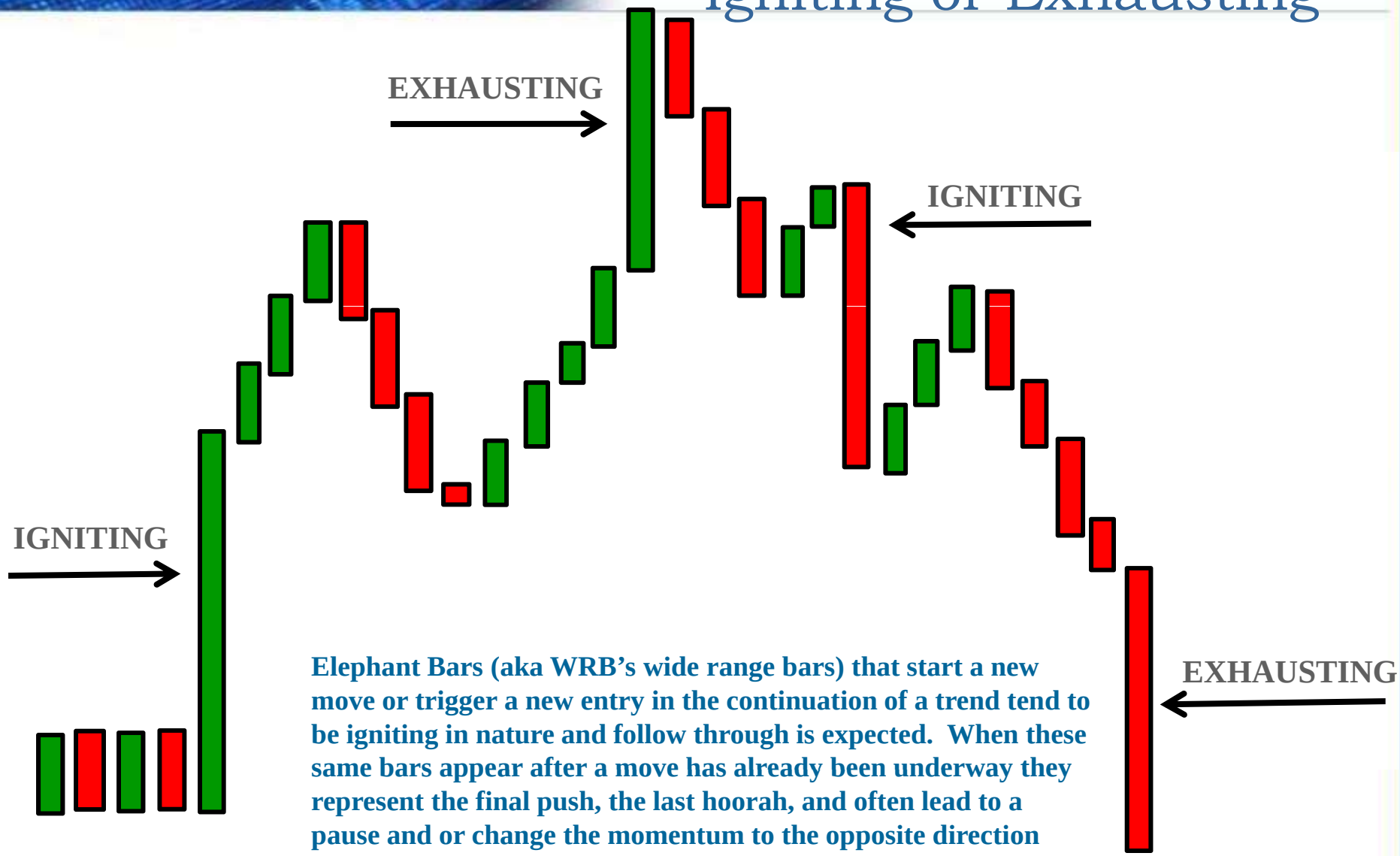
iFundTraders.com

Elephant Bars

Do you see an elephant bar(s)? It should be obvious, so if none of the bars stand out as obvious elephant bars, then stop looking for one, it is either there or it is not – they don't hide.

iFundTraders.com

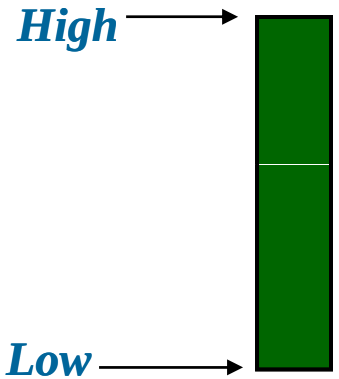
Elephant Bars
Igniting or Exhausting

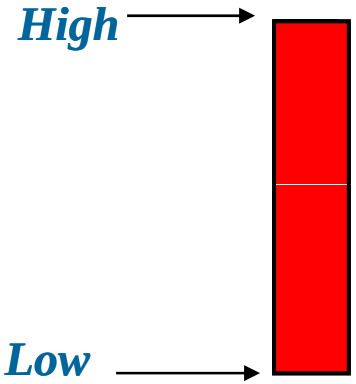


Elephant Bars (aka WRB's wide range bars) that start a new move or trigger a new entry in the continuation of a trend tend to be igniting in nature and follow through is expected. When these same bars appear after a move has already been underway they represent the final push, the last hoorah, and often lead to a pause and or change the momentum to the opposite direction

iFundTraders.com

Absolute Control



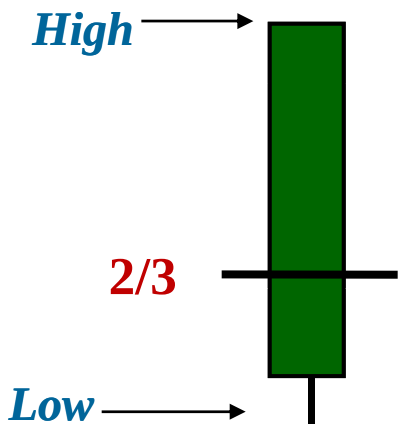


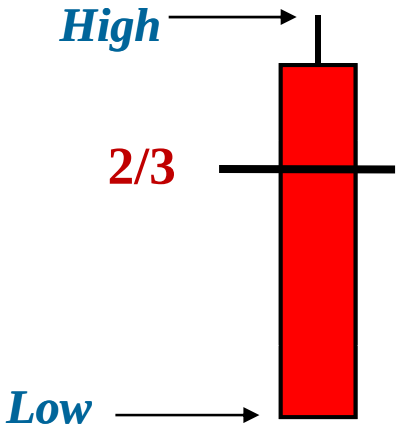
Bulls in absolute control ***Bears in absolute control***

Absolute control exists when a very solid colored bar is trading at its extreme. When a solid green bar is currently trading at its absolute high, bulls are in absolute control. When a solid red bar is currently trading at its absolute low. **iFund Traders Tip: Traders using a momentum style would look to enter the bar following a strong "win" bar, but not at the open. More than the open is needed in order to commit to the trade. The next bar has to confirm the strength of the original "win" bar by first producing a small amount of the same color that clears the high (green bar) or low (red bar) of the "win" bar**

iFundTraders.com

Keeping control – the 2/3 rule



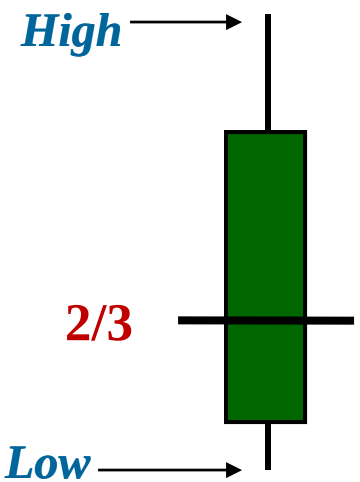


Bulls in absolute control ***Bears in absolute control***

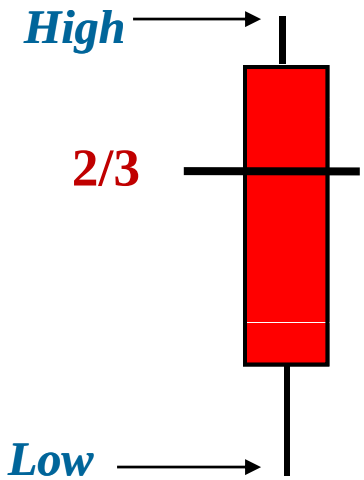
The bigger and more solid the bar, the greater the degree of control is being displayed. The ideal bar is one showing absolute control with a big solid bar and no wicks. Bars showing absolute control during formation may not always complete at the same level of control as they once demonstrated. There can be various stages of control and it is not considered lost until 2/3 or more of the bar's color has been erased. **iFund Traders Tip**: **If more than 2/3 of a bar's color is suddenly erased, the law of follow-through is negated. We use the 2/3 retracement mark as the turning point**.

iFundTraders.com

Full Control



Bulls in full control

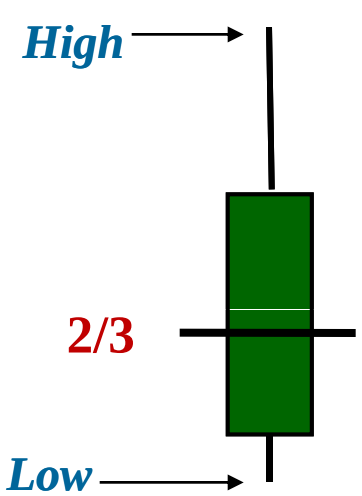


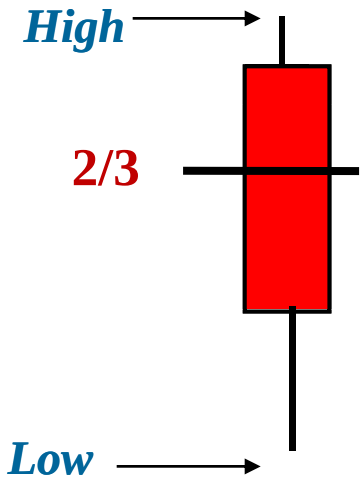
Bears in full control

Full control exists when a very solid colored bar is trading just a tad bit off its extreme. When a relatively solid green bar has pulled back off the high, but the bar is still dominantly green, bulls are in full control. When a relatively solid red has moved up off the low, but the bar is still dominantly red, bears are in full control. **iFund Traders Tip: I repeat, it's the upper end of a green bar and the lower end of a red bar that truly determines the potency or lack thereof of the group currently producing the color.**

iFundTraders.com

Good Control



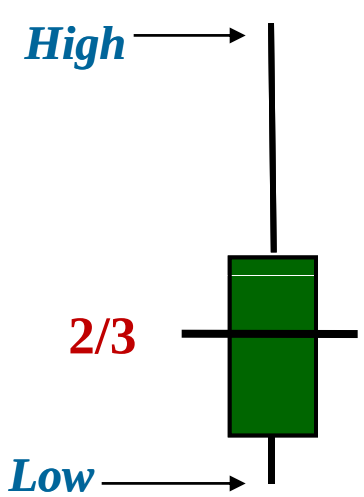


Bulls still in control ***Bears still in control***

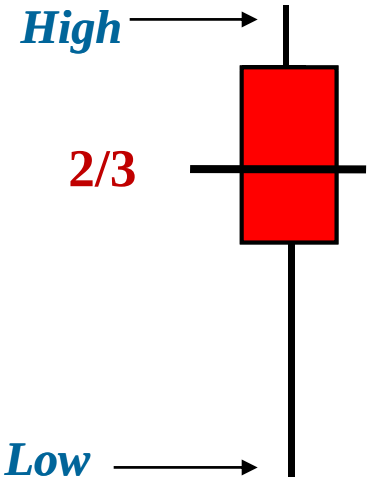
Good control exists when a solid colored bar has moved well off the extreme, but not enough to justify calling the bar wrecked or weak. When a green bar has pulled well off the high, but the bar is still mostly green, bulls are in good control. When a red has moved up well off the low, but the bar is still mostly red, bears are in good control. **iFund Traders Tip: This is often what a bar will do after the trader has already committed to a play. These bars should not necessarily scare traders or make them doubt the power of the group producing the color…not at this point. This bar typically represents the squat before a dancer's leap back to strength.**

iFundTraders.com

Weak Control



Bulls' weakening control

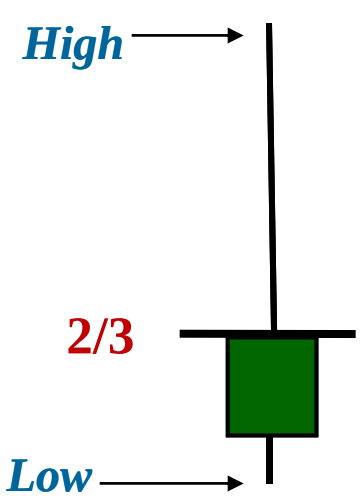


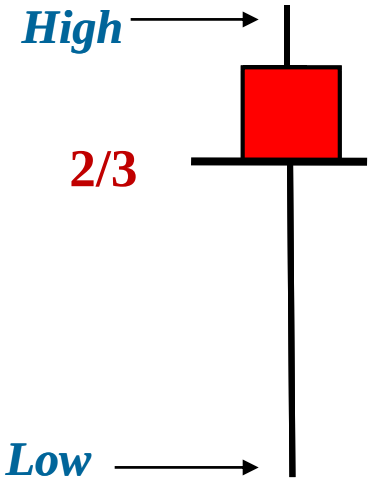
Bears' weakening control

Weak control exists when a solid colored bar has lost about ½ of the color it once had. When a green bar has pulled down well off the high to eliminate about 50% of the green it once had, bulls might be in trouble. When a red bar has moved up well off the low to eliminate about 50% of the red it once had, bears might be in trouble. **iFund Traders Tip**: **This scenario does not guarantee that a full lost of control will materialize, but if the market is behind the counter color move, the odds are good that the control is going to change.**

iFundTraders.com

Lost Control



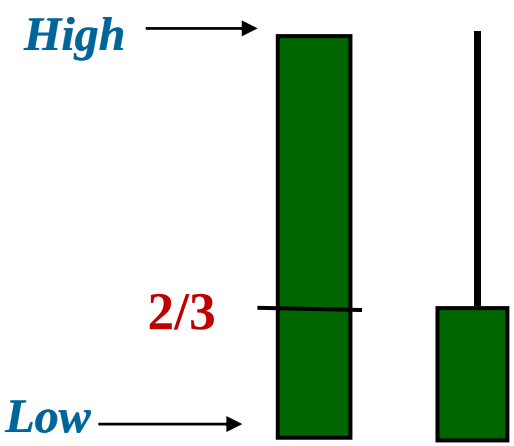


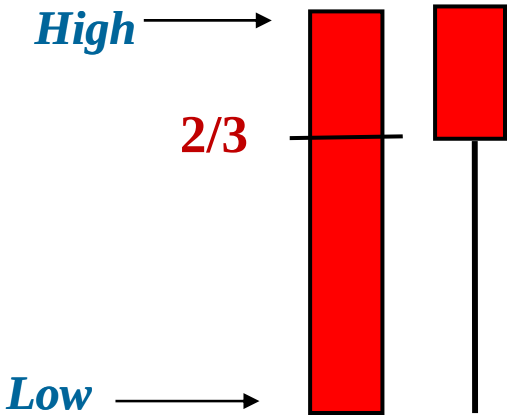
Bulls lose control to Bears ***Bears lose control to Bulls***

Lost control exists when a previously solid colored bar loses 2/3 or more of the color it once had, leaving the tail as the most dominant part of the bar. When a very solid green bar has pulled back so far off the high, leaving behind more tail than color, bulls have lost their power. When a very solid red bar has pulled back so far off the low, leaving behind more tail than color, bears have lost their power.

iFundTraders.com

The 2/3 Retracement





The idea is to be able to clearly see when a big solid bar has lost 2/3 or more of its color, the first sign in a slowing or change in momentum. This should be obvious, it should not take more than a split second glance and does not require you to measure or calculate anything.

iFundTraders.com

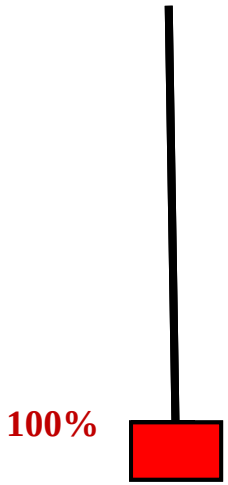
Totally Over!!

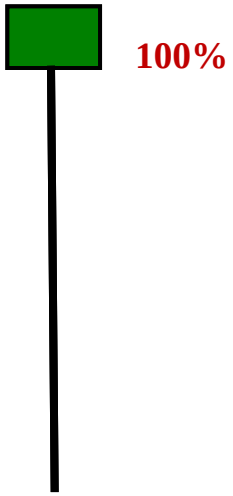
Bears in permanent control ***Bulls in permanent control***

Remember, each bar represents a battle between the bulls and bears (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased, the greater the win for the opposite group!

iFundTraders.com

Control Forever!!



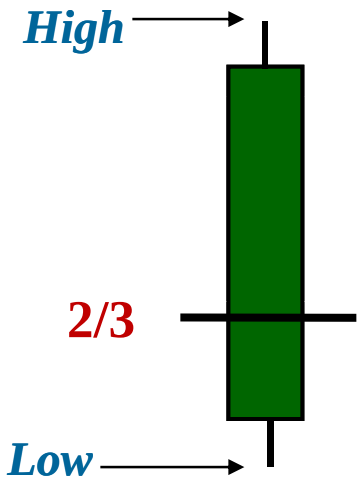


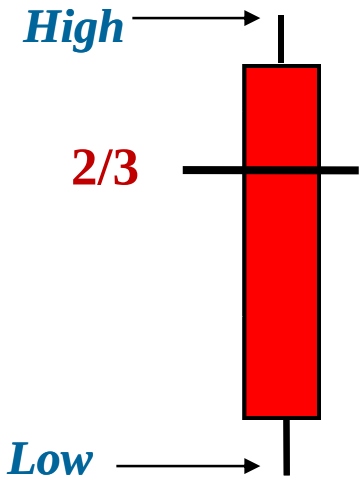
Bears in control forever ***Bulls in control forever***

Remember, each bar represents a battle between the bulls and bears (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased, and the other group produces it's own color, it becomes an even greater the win for that group!

iFundTraders.com

Full Control



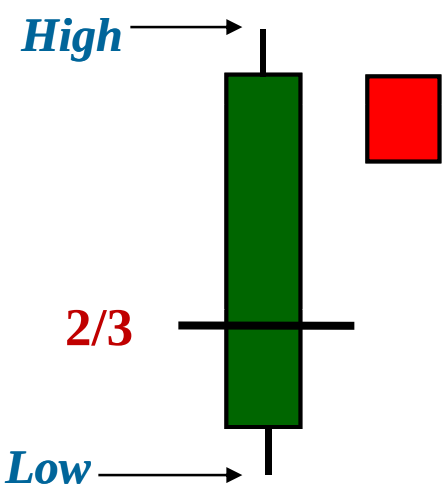


Bulls in Control ***Bears in Control***

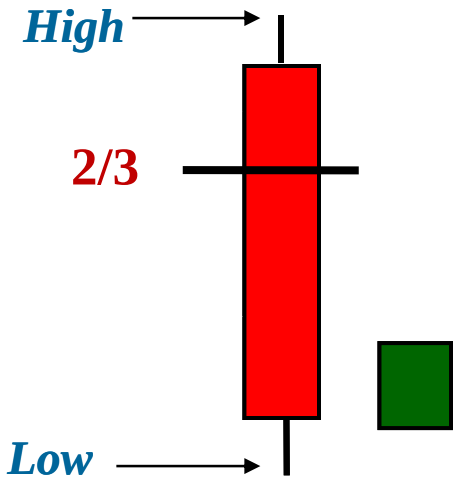
Each bar represents a battle between the bulls and bears (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win

iFundTraders.com

Good Control



Bulls still in control

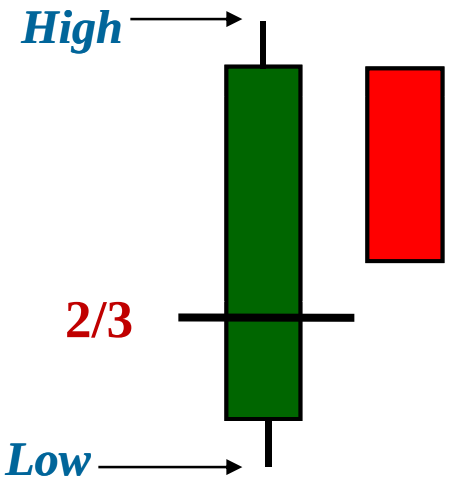


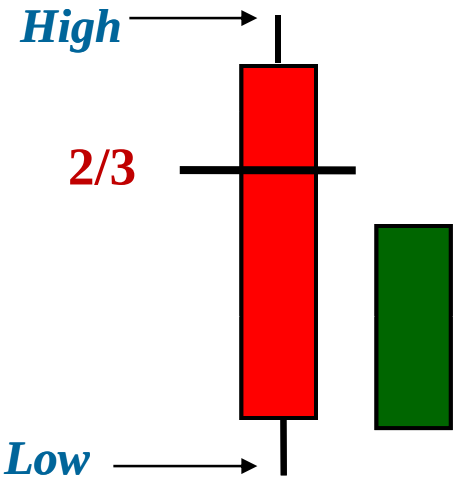
Bears still in control

Good control still exists when a solid colored bar has formed and the following bar move against it, but not enough to justify calling the prior bar wrecked or weak. **iFund Traders Tip: This is often what a bar will do after the trader has already committed to a play. These bars should not necessarily scare traders or make them doubt the power of the group producing the color…not at this point. This bar typically represents the squat before a dancer's leap back to strength.**

iFundTraders.com

Weak Control



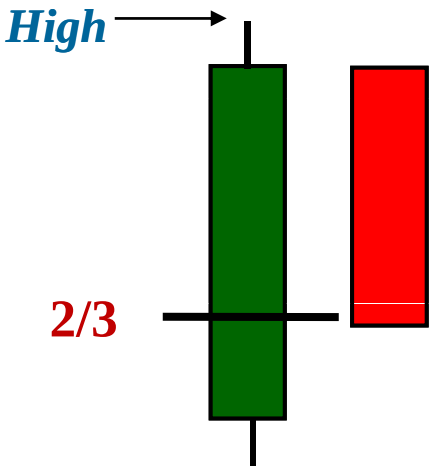


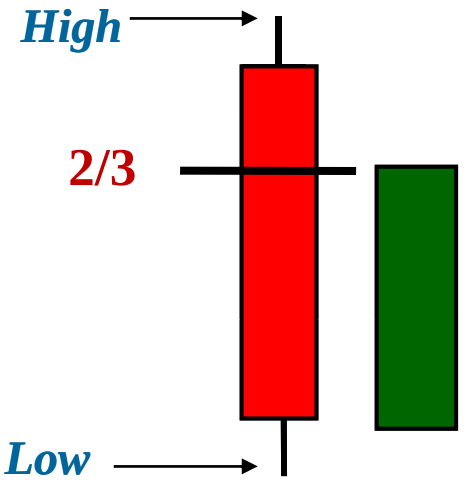
Bulls weakening control ***Bears weakening control***

Weak control exists when a solid colored bar has the following bar erase about half the color of the prior bar. When a green bar has a following red bar retrace down and eliminate about 50% of the prior green bar, the bulls might be in trouble. When a red bar has a following green bar retrace up and eliminate about 50% of the prior red bar, the bears might be in trouble. **iFund Traders Tip**: **This scenario does not guarantee that a full lost of control will materialize, but if the market is behind the counter color move, the odds are good that the control is going to change.**

iFundTraders.com

Lost Control





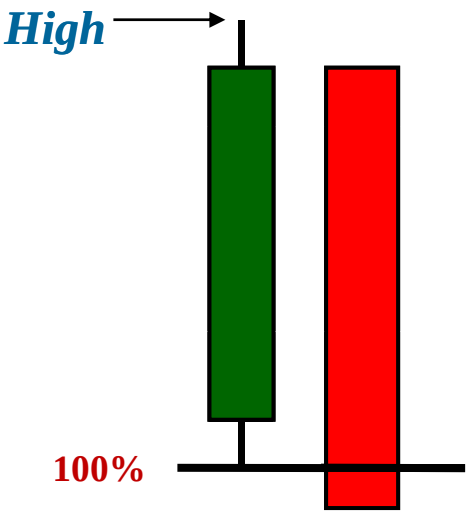
Bears back in control

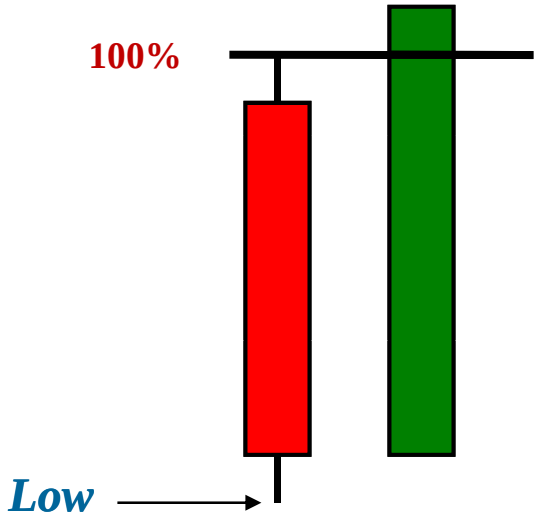
Bulls back in control

Lost control exists when a previously solid colored bar has the following bar erase 2/3 or more of the prior bar's color. When a very solid green bar has a following red bar retrace 2/3 or more of the prior green bar, the bulls have lost their power. When a very solid red bar has a following green bar retrace 2/3 or more of the prior red bar, the bears have lost their power.

iFundTraders.com

Totally Over Forever!





Bears in control forever ***Bulls in control forever***

Remember, each bar represents a battle between the bulls and bears (buyers and sellers). When the close is above the open, the bulls win, producing the color green. When the close is below the open, the bears win, producing the color red. How much each side wins is determined by how much green or red they produce. In other words, the wider the distance between the open and close, the greater the win, and when those types of bars are completely erased by the following bar, the greater the win for the opposite group!

"Velez Market Law 1"

CHAPTER 3

"I'm not sure if Sir Isaac Newton every played the market, but many of his discoveries and realizations lend themselves to proper market play."
– Oliver L. Velez

iFundTraders.com

Velez Market Law #1

The Law of Momentum

During <u>MOVING</u> market environments, stocks and other tradable items tend to follow through or continue the most recently completed color-coded bar, <u>80%</u> of the time, as long as most of the color has been maintained.

Sir Isaac Newton: "An object in motion tends to stay in motion."

Different ways to communicate the law:

1) After a solid Green Bar, expect another one to follow 80%;

2) After a solid Red Bar, expect another one to follow 80%

3) The bigger the green or red bar, the higher the odds of follow through, meaning you'll see continuance closer to *<u>90%</u>* of the time.

4) A small amount of green or red does not give the iFund Traders enough to go on. More information is needed in that case.

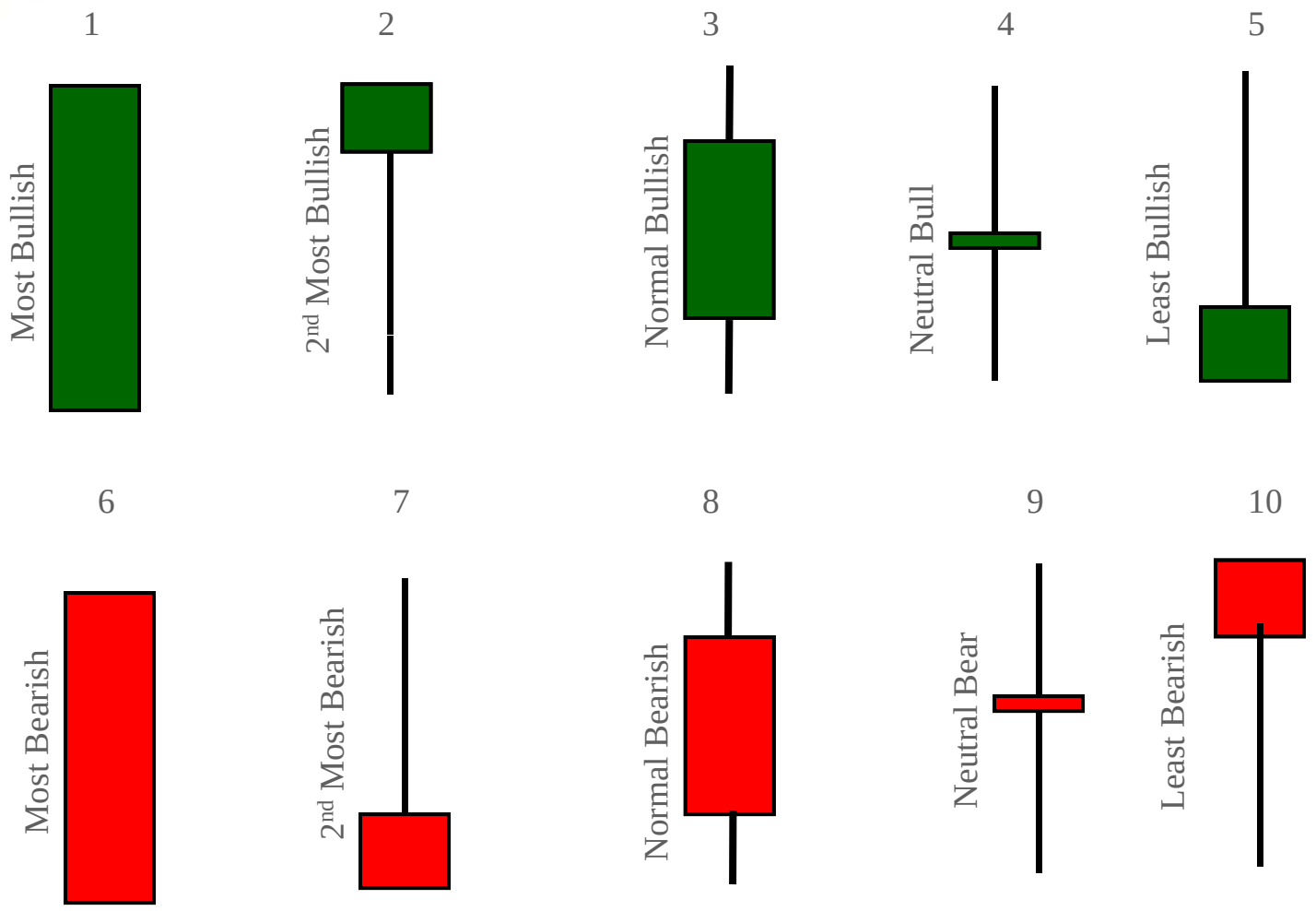
iFundTraders.com
Your path to professional trading starts here™

"The Market's 13 Bars"

"There are only 13 bars the market can form. They represent the market's alphabet, if you will. Learn these bars and what they mean and you'll be set to Trade for Life™." – Oliver L. Velez

iFundTraders.com

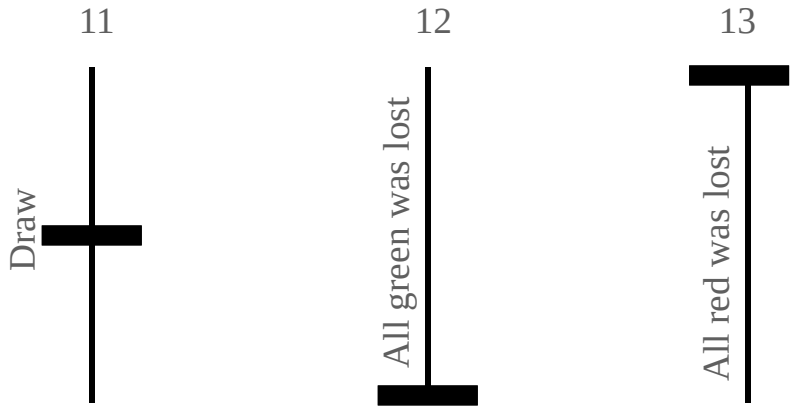
The 10 Colored Candles



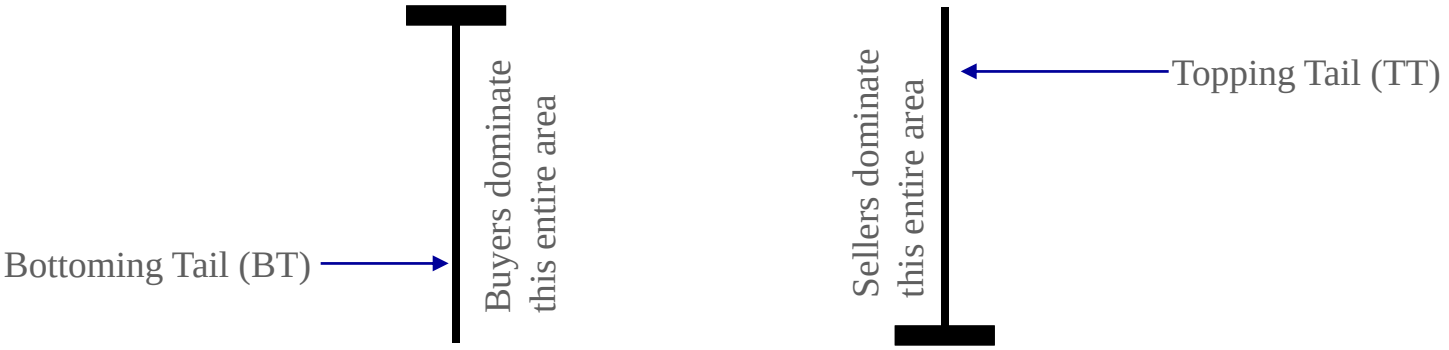
The first set of bars is won by the bulls in varying degrees, with the last bar being an actual loss. The most bullish is at the left, the least is at the right. The same goes for the bear wins. The most bearish starts at the left, the most questionable is at the far right.

iFundTraders.com

The 3 Non-Color Candles



Tip: While technically no one wins, due to the open and close being even, the last group in control of the stock is considered the winner. Bar 1, is completely a draw, Bar 2 is won by the bears and Bar 3 is won by the bulls.



Bottoming tails (BTs) and Topping Tails (TTs) offer iFund Traders some incredible trading opportunities, which we will see shortly.

iFundTraders.com
Your path to professional trading starts here™

The Three Trading Time Frames

CHAPTER 4

"The following three time frames are used by iFund Traders to earn a living in the markets. These time frames are income generators, not wealth builders. They are used to implement the High-Octane, ATM approach to making money daily that Oliver Velez has made so famous."

iFundTraders.com

Three Trading Time Frames

1) **5-minute Chart** – This time frame is the iFund Traders number one staple. **If there were only one time frame with which to make a living, it would be this one.** It perfectly sits between the 15-minute, which can be a bit too long, and the 2-minute, which can be a bit too noisy at times. The patterns we trade at iFund Traders appear frequently enough in the 5-minute window to keep us active, yet infrequently enough to prevent us from over trading. This is "*the*" one, "*the*" time frame to master.

2) **2-minute Chart** – This fast moving chart is a god-send when the market is not producing clear signals on the 5-minute or more action is desired. **It's also useful if and when the entry and/or exit points dictated by the 5-minute chart are too far away or unclear**. Dropping down to the 2-minute chart for a finer entry, exit or stop will usually provide the best alternative. We call this "dropping down to the 2-minute chart" taking an x-ray, or looking *inside* the stock.

3) **1-minute Chart** – **This super fast moving time frame becomes a major focus when the ultimate level of precision and accuracy is required**. It offers the ability to *take an x-ray of the x-ray*, which is often required when the bars on the 2-minute chart are too wide and a flat market develops as is often the case during the midday doldrums period. By dropping to the 1-minute, the iFund Traders can use flat periods to scalp extra income, while others are either sitting it out or getting knocked around in the bigger more unreliable time periods.

Note: The 8-period moving average (8ma), the 20-period moving average (20ma), and the 200-period moving average (200ma) are used on all three, the 5, 2 and 1-minute charts. Keep in mind that the 20ma and 21ma are interchangeable. It's a personal choice.

iFundTraders.com

The 5-Minute Chart

VOL(APPB) 3,723
SMA(20,APPB) 25.692
5 min Bar Chart Applebees International Inc - APPB 25.770 AvgVOL 1,267k
SMA(20,APPB) 25.692
The 5-minute Chart should always have the s20ma and the s200ma displayed
Trading Tip: iFund Traders look to go long when the r20ma is above the 200ma. They look to go short with the d20ma is blow the 200ma
20ma
Prior Day's Close (PDC)
iFund Traders would look to go long at or near the r20ma. See Circles.
200ma
When a stock is able to consistently outpace the average price of its last 20 bars, it's a powerful indication that the stock is under enormous institutional accumulation.
1230 1250 1310 1330 1350 1410 1430 1450 1510 1530 1550 0935 0955 1015 1035 1055 1115

Chart Courtesy of iFund Traders

iFundTraders.com

The 2-minute Chart

iFundTraders.com

The 1-minute Chart

RAI 66.350 +2.680 66.3
VOL(RAI) 3,000
SMA(8,RAI) 66.142
SMA(34,RAI) 65.49
1 min Bar Chart Reynolds American Inc - RAI 66.350 AvgVOL 1,359k
Circles show well-defined buy opportunities for the iFund Trained Trader.
You will understand these tactics as we progress throughout the course.
Also note that the 8ma and 20ma are used on this chart, which we discuss later as well.
8ma
20ma
iFund Traders Tip: This time frame offers nice opportunities to capture entire short-term trends using the 8ma to enter or trail.
VOL(RAI) 3,000
Jun27
1018 1022 1026 1030 1034 1038 1042 1046 1050 1054 1058 1102

iFundTraders.com
Your path to professional trading starts here™

The Three Analytical Time Frames

CHAPTER 5

"The following three time frames help iFund Traders establish a bias for the market and the stocks they trade. Knowing how to determine what direction is more likely than the other over the next day, hour or 15 minute period is one of the true keys to accuracy as a trader" – Oliver L. Velez

iFundTraders.com

Three Analytical Time Frames

1) **Daily Chart –** This time frame is key to determining which stocks have upside biases and which have downside biases for the following day. Certain price patterns that form on the daily chart have a high probability of moving in a predetermined direction the following morning. This proves very valuable to iFund Traders and often leads to quick profits in the first 30-minutes of trading. Additionally, many stocks with well defined daily chart patterns will produce a multi-day directional bias that may now be focused on for several days.

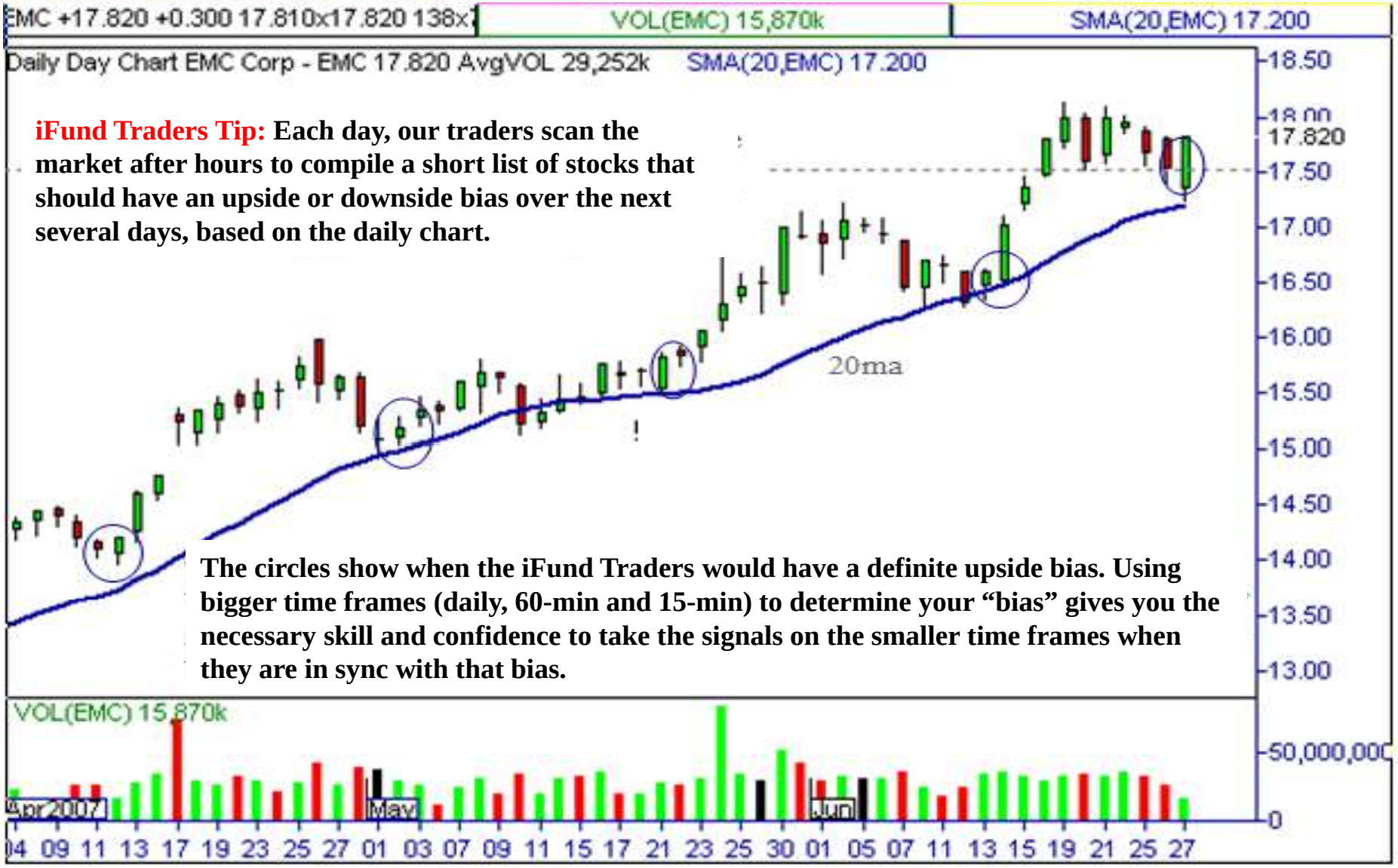
2) **60-minute Chart –** This time is almost never used for trading, but like its smaller 15-minute brother, it is unrivaled when it comes to finding major "reflection points," areas of major significance which often lead to abrupt stoppages and sudden reversals during the day. The iFund Traders will use the 60-min chart simply to reference these points and to gauge the major trend of the underlying stock.

3) **15-minute Chart –** This time frame will be used primarily for trend analysis and support and resistance reference points. While iFund Traders will trade on it from time to time, its use as a gauge of the stock's power and its overbought-ness or oversold-ness is unrivaled. With that being said, trades on the 15-minute chart do tend to be the cleanest and the truest. In a sense, for the professional trader earning a living via the markets, this time frame would be considered the "core" one, for longer term trades throughout the day.

Note: **The 8, 20 and 200 MAs are typically used for the daily, 60- and 15-minute charts.**

iFundTraders.com

The Daily Chart



iFund Traders Tip: **Each day, our traders scan the market after hours to compile a short list of stocks that should have an upside or downside bias over the next several days, based on the daily chart.**

The circles show when the iFund Traders would have a definite upside bias. Using bigger time frames (daily, 60-min and 15-min) to determine your "bias" gives you the necessary skill and confidence to take the signals on the smaller time frames when they are in sync with that bias.

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

The 60-minute Chart

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

The 15-minute Chart

AMTD 18.810 +0.440 -1.000x-1.000
VOL(AMTD) 12,910
SMA(20,AMTD) 18.724
SMA(200,AMTD) 17.826
15 min Bar Chart TD Ameritrade Holding Corporation - AMTD 18.810 AvgVOL 6,033k
The 15-minute chart should always have the 20 and 200-mas displayed. We'd add the 8ma as well.
iFund Traders Tip: Traders look to go long, when the r20ma is above the 200ma. They look to go short with the d20ma is below the 200ma.
20sma
200sma
iFund Traders would look to go long in the area of the r20ma (circles).
When a stock is able to consistently outpace the average price of its last 20 bars, it's a powerful indication that the stock is under enormous institutional accumulation.
VOL(AMTD) 12,910
19.10
19.00
18.90
18.810
18.70
18.60
18.50
18.40
18.30
18.20
18.10
18.00
17.90
17.80
17.70
17.60
17.50
17.40
1,000,000
500,000
0
May18
May21
May24
130 1230 1330 1430 1530 0945 1045 1145 1245 1345 1445 1545 1000 1100 1200 1300 1400 1500 1600

iFundTraders.com
Your path to professional trading starts here™

The Three Trading Moving Averages

CHAPTER 6

"There are three moving averages iFund Traders monitor at all times." The moving averages form the basis for many of our biggest money making strategies."
- Oliver L. Velez

iFundTraders.com

Three Major Moving Averages

1) **8-period Moving Average (8ma)** – This simple moving average is superior at capturing and supporting the market's most powerful moves. If a stock is moving with a fury (up or down), it is this moving average that the stock will often react off of. We also use this moving average as the basis for one of our most effective trailing stop methods, which we will discuss shortly. iFund Traders have the 8ma on every chart they look at.

2) **20-period Moving Average (20ma) –** This simple moving average is the number one staple for iFund Traders. No chart is ever looked at without the aid of the 20ma. In fact, I don't regard a chart as being valid unless it is accompanied by the 20ma. It reveals a stock's directional bias, acts like a magnet and tells the trader where significant areas of support and resistance are. Keep in mind that the *purest* would use a 21-period MA. We round to 20, knowing that moving averages are simply areas, not specific prices.

3) **200-period Moving Average (200ma)** – This simple but major moving average is the granddaddy of them all. It's almost magical how often stocks and the overall market obey this slow moving line. Many of iFund Traders' most successful trades originate off the 200ma. It is always in view and is given the utmost respect.

iFundTraders.com

The Powerful 8MA & 20MA

1) **8 & 20 Period Simple Moving Average –** The 8ma & 20ma (or the 21ma) are so important to iFund Traders that no chart is ever studied or viewed without them. Their power and reliability are unrivaled, thus **NO** chart *is* a chart unless it is accompanied by these all-important technical indicators. We use them on every time frame or chart we look at. **Tip:** The iFund Traders Trader can literally earn his entire living in the market with the 8ma & 20ma. Here are the most important things to know about the 8ma & 20ma and their proper use:

a) ***Trade with the 8ma & 20ma, not against them*** - Most of your trades should be in sync with the 20ma. If the 8 & 20ma are rising in a smooth fashion, your focus should almost always be long. Conversely, if the 8 & 20ma are declining in a smooth fashion, your focus should almost always be to short. If the 20ma is flat (f20ma), your focus can be to liquidity trade with the "bid and offer" approach (buy below the 20ma; sell above the 20ma).

b) ***Use 8ma & 20ma as support & Resistance*** – If and when the 8 and/or 20ma are rising , it will serve as strong support. If the 8 and/or 20ma are declining, it will serve as strong overhead resistance. Look for buys at or near a r8ma or r20ma. Look for sells/shorts at or near a 8ma or 20ma.

c) ***Use 20ma as a median line*** – When a stock is consolidating in a sideways pattern, the 20ma will be flat and usually positioned right in the middle of the sideways trend. If and when this is the case, bidding for stock in a range *below* the 20ma and offering/shorting stock in a range *above* the 20ma is the game to play. Always be watchful of which side the 20ma eventually halts the stock on.

d) ***Use 20ma as a magnet*** – Stocks cannot remain extended too far above or below the 20ma for long. If and when stocks get too far away, a violent snap back to the 20ma is eminent. This is when the iFund Trader can *intelligently* look to take advantage of a counter trend move. There will be more on this "rule-breaking" concept later on in the course

iFundTraders.com

The Daily Chart

JNPR 25.080 +0.000 -1.000x-1.000 -1
VOL(JNPR) 8,181k
SMA(21,JNPR) 24.704
SMA(200,JNPR) 19.904
Daily Day Chart Juniper Networks Inc - JNPR 25.080 AvgVOL 9,688k
The market NEVER accomplishes ANYTHING with just one bar!
Circles show when the iFund Traders would have a definite upside bias on the smaller time frames.
The power of the 20ma is evident when it is rising at a smooth steady clip.
While iFund Traders don't trade off the daily, they use it each night to compile a short list of stocks that should have upside or downside biases for the next day or week.
26.00
25.00
24.00
23.00
22.00
21.00
20.00
19.00
18.00
17.00
20,000,000
10,000,000
0
Mar 2007
Apr
May
Jun
13 15 19 21 23 27 29 02 04 09 11 13 17 19 23 25 27 01 03 07 09 11 15 17 21 23 25 30 01 05 07 11 13 15 19 21

Chart Courtesy of iFund Traders Pro™

"Velez Market Law 2"

CHAPTER 7

"The number 1 has never and never will be a popular number for the market. It always seems to require something more than one, or once, or one time. In other words, the market likes confirmation. 'One time' never cuts it." – Oliver L. Velez

iFundTraders.com

Velez Market Law #2

The Law of "2"

The market never accomplishes anything with just one bar. It needs at least two bars to regard something as being real or significant. Follow-through by a second bar is crucial, otherwise the one bar event, no matter how apparently significant, is not yet real.

Different ways to communicate the law:

1) A one bar breakout is only significant if followed through by a second up bar;

2) A one bar breakdown is only significant if it's followed through by a second down bar;

3) One bar events with no follow through tend to eventually produce strong moves in the opposite direction.

iFundTraders.com

The power of the 20 MA

VOL(NVDA) 51,932
SMA(20,NVDA) 30.206
SMA(200,NVDA) 29.829
min Bar Chart NVIDIA Corp - NVDA 30.340 AvgVOL 10,979k
Circles show how powerful the 20ma is when it is rising.
Note that the 21ma can be used as a viable alternative.
20ma
200ma
Ceiling
200ma
Floor
The "Ceiling-to-Floor" concept materialized
with the 200ma in this instance.
Tip: A rising 20ma, whether its below or above the 200ma, is a powerful floor of support.
VOL(NVDA) 51,932

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

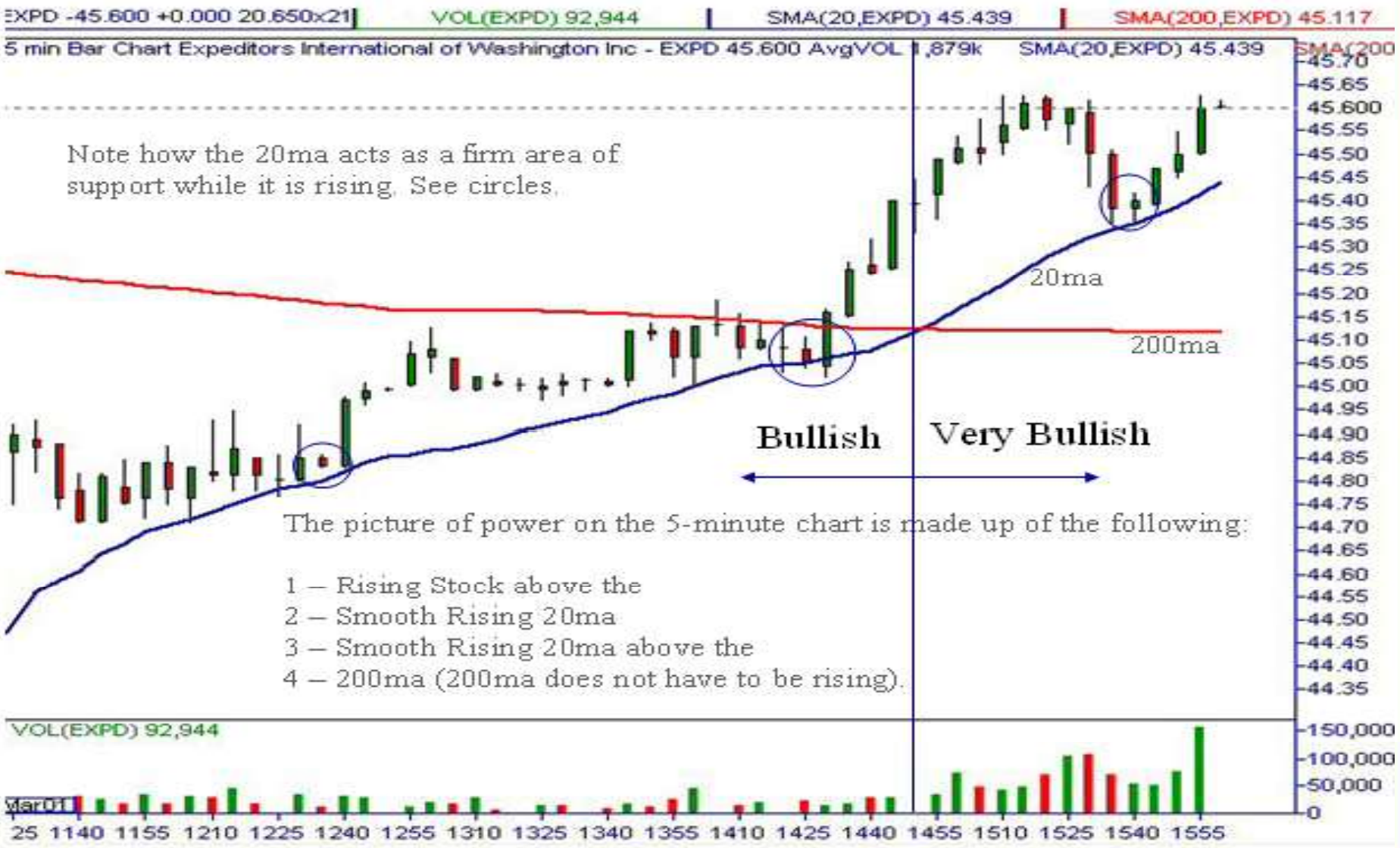
The power of the 20 MA

VOL(GS) 6,000
SMA(20,GS) 218.895
SMA(200,GS) 216.387
2 min Bar Chart Goldman Sachs Group Inc - GS 219.670 AvgVOL 6,898k
SMA(20,GS) 218.895
SMA(200,GS) 216.387
Once the stock gets above the 20ma and a subsequent decline is held in check by the 20ma, the Bull Picture of Power (+POP) is in full effect and the iFund Trader can look to play several more 20ma Retest plays.
Stock gets above the 20ma
20ma
200ma
The stock is held in check by the 20ma here for the first time. iFund Traders would look for several more successful retests.
VOL(GS) 6,000
Jun27
1308 1316 1324 1332 1340 1348 1356 1404 1412 1420 1428 1436 1444 1452 1500 1508 1516 1524 1532

Charts Courtesy of iFund Traders Trader Pro®

iFundTraders.com

The power of the 20 MA


EXPD -45.600 +0.000 20.650x21
VOL(EXPD) 92,944
SMA(20,EXPD) 45.439
SMA(200,EXPD) 45.117
5 min Bar Chart Expeditors International of Washington Inc - EXPD 45.600 AvgVOL ,879k
SMA(20,EXPD) 45.439
Note how the 20ma acts as a firm area of support while it is rising. See circles.
20ma
200ma
Bullish
Very Bullish
The picture of power on the 5-minute chart is made up of the following:
1 – Rising Stock above the
2 – Smooth Rising 20ma
3 – Smooth Rising 20ma above the
4 – 200ma (200ma does not have to be rising).
VOL(EXPD) 92,944
Mar01
25 1140 1155 1210 1225 1240 1255 1310 1325 1340 1355 1410 1425 1440 1455 1510 1525 1540 1555

Charts Courtesy of iFund Traders Trader Pro

iFundTraders.com

The 20ma Halt!

Charts Courtesy of iFund Traders Trader Pro®

iFundTraders.com

The 20ma Halt

iFundTraders.com

The Power of the 20 MA

ISIL 25.710 -0.700 25.710x25.720 2
VOL(ISIL) 9,989
SMA(20,ISIL) 25.791
SMA(200,ISIL) 26.386
5 min Bar Chart Intersil Corporation - ISIL 25.710 AvgVOL 2,718k
SMA(20,ISIL) 25.791
SMA(200,ISIL) 26.386
200ma
Prior Day's Close (PDC)
Note how the 20ma acts as a firm area of resistance while it is declining. See circles.
20ma
The picture of bear power on the 5-minute chart is made up of the following:
1 – Declining Stock below the
2 – Smooth Declining 20ma (d20ma)
3 – Smooth d20ma below the
4 – 200ma (200ma does not have to be declining).
VOL(ISIL) 9,989
Mar 29
0930 0945 1000 1015 1030 1045 1100 1115 1130 1145 1200 1215 1230 1245 1300 1315 1330 1345 1400 1415 1430

iFundTraders.com

The Mighty 200 MA

2) **200 Period Simple Moving Average (200ma) –** The 200ma is so universally watched, in all time frames, that for all practical purposes, it has become a self-fulfilling prophesy. So rarely do stocks fail to obey (get halted by) the 200ma that we've given it the highest nick-name of all, *Goliath*. It's power, force, and reliability are so great, that it truly is goliath-like. We use the 200ma on *all* time frames (1-, 2-, 5-, 15-, 60-min and Daily charts). Here are a few things that you must keep in mind regarding this mighty moving average:

a) ***Flatness is king:*** - While the 20ma is most powerful when it is rising and declining (trending), the 200ma is most powerful when it is flat (trend-less).

b) ***Use as support*** – Whenever a stock declines to a flat 200ma, it will almost always experience some form of rebound, *particularly if the 20ma is far away*.

c) ***Use as resistance*** – Whenever a stock rallies to a flat, overhead 200ma, it will almost always experience some form of retracement back down, *particularly if the 20ma is far away*.

d) ***Use as a magnet –*** a) If a stock gets too far above or below its 20ma, and b) its 20ma gets too far above or below the 200ma, then c) a major reversal is usually very close at hand. This is when the iFund Traders Trader can look to take advantage of a counter trend move. In other words, it's this scenario that allows for intelligently going against the prevailing trend. There will be more on this "rule-breaking" concept later.

Trading Tip*: iFund Traders know that flat 200ma plays call for bigger positions*

iFundTraders.com

The Flat Mighty 200ma

NTU 29.760 -0.100 71.500x71.690 5x
VOL(INTU) 558,427
SMA(21,INTU) 29.788
SMA(200,INTU) 29.586
15 min Bar Chart Intuit Inc - INTU 29.760 AvgVOL 3,972k
SMA(21,INTU) 29.788
SMA(200,INTU) 29.586
200ma
20ma
5
3
8
The flat 200ma serves as strong support, especially given how far away the 20ma is.
Tip: The further apart the 20ma and 200ma, the stronger the 200ma. Also, note the 3, 5 and 8 bar cycle once the stock begins to "get that swing."
VOL(INTU) 558,427
Jun 20
Jun 21
Jun 22
1451230 1330 1430 1530 0945 1045 1145 1245 1345 1445 1545 1000 1100 1200 1300 1400 1500 1600

Charts Courtesy of iFund Traders Trader Pro®

iFundTraders.com

200ma Resistance

XRAY -37.430 -0.450 37.430x37.45
VOL(XRAY) 700
SMA(20,XRAY) 37.467
SMA(200,XRAY) 37.673
2 min Bar Chart Dentsply International Inc - XRAY 37.430 AvgVOL 865k
SMA(20,XRAY) 37.467
SMA(200,XRAY) 37.673
200ma
Note the wide distance between the two moving averages.
The further the stock is away from the 20ma at the time of its 200ma retest, the more powerful the reaction.
Wide Distance
20ma
Team Trading Tip: The 200ma is the most powerful when it is flat and far from the 20ma.
VOL(XRAY) 700
Aug08
316 1322 1328 1336 1342 1350 1356 1404 1410 1418 1424 1432 1438 1446 1452 1500 1506 1514 1522

Chart Courtesy of Team Trading Trader Pro™

iFundTraders.com

200ma Resistance

iFundTraders.com

200ma Resistance

Chart Courtesy of Team Trading Trader Pro™

iFundTraders.com

Flat Mighty 200ma

iFundTraders.com

The Flat Mighty 200MA

A flat overhead 200-period MA often serves as major resistance. Note how the stock started ignoring its 20-period MA around mid-day. What do you notice around 3:30?

iFundTraders.com

The Flat Mighty 200MA

VRSN 25.310 +0.110 25.310x25.32
VOL(VRSN) 600
SMA(20,VRSN) 25.285
SMA(200,VRSN) 25.343
2 min Bar Chart VeriSign Inc - VRSN 25.310 AvgVOL 3,020k
200ma
RBR
NRB
20ma
Prior Day's Close (PDC)
Quiz Question:
What is the next likely move for this stock?
Why?
A iFund Trader Buy Set-up
w/ a bottoming Tail
VOL(VRSN) 600
508 1514 1520 1526 1532 1538 1544 1550 1556 0930 0936 0942 0948 0954 1000 1006 1012

A flat overhead 200-period MA often serves as major resistance. Notice how the 20ma began to hold the price declines in check. This typically forewarns that the overhead resistance is weakening.

"Velez Market Law #3"

CHAPTER 8

iFund Traders Quote: "All markets have statistical limits. The trader who thoroughly understands when markets are statistically at or near the outer bounds of their norms will become a master, and possibly even rich!"
- Oliver L. Velez

iFundTraders.com

Velez Market Law #3

The 3, 5, 8 Bar Max

During <u>NORMAL</u> market environments, stocks and other tradable items <u>cannot</u> move in the same direction more than 5 to 8 bars in a row; however, stocks tend to stay trapped in a 3 to 8 bar max cycle 80% of the time. 20% of the time, a stock's moves can top and bottom outside of this zone. But 5 bars is truly the pivotal number.

Different ways to communicate the law:

1) After a 3 to 5 bar run (up or down) the market/stock tends to sharply reverse, creating a nice trading opportunity. Every now and again, stocks can slip into the next 5 to 8 bar zone.

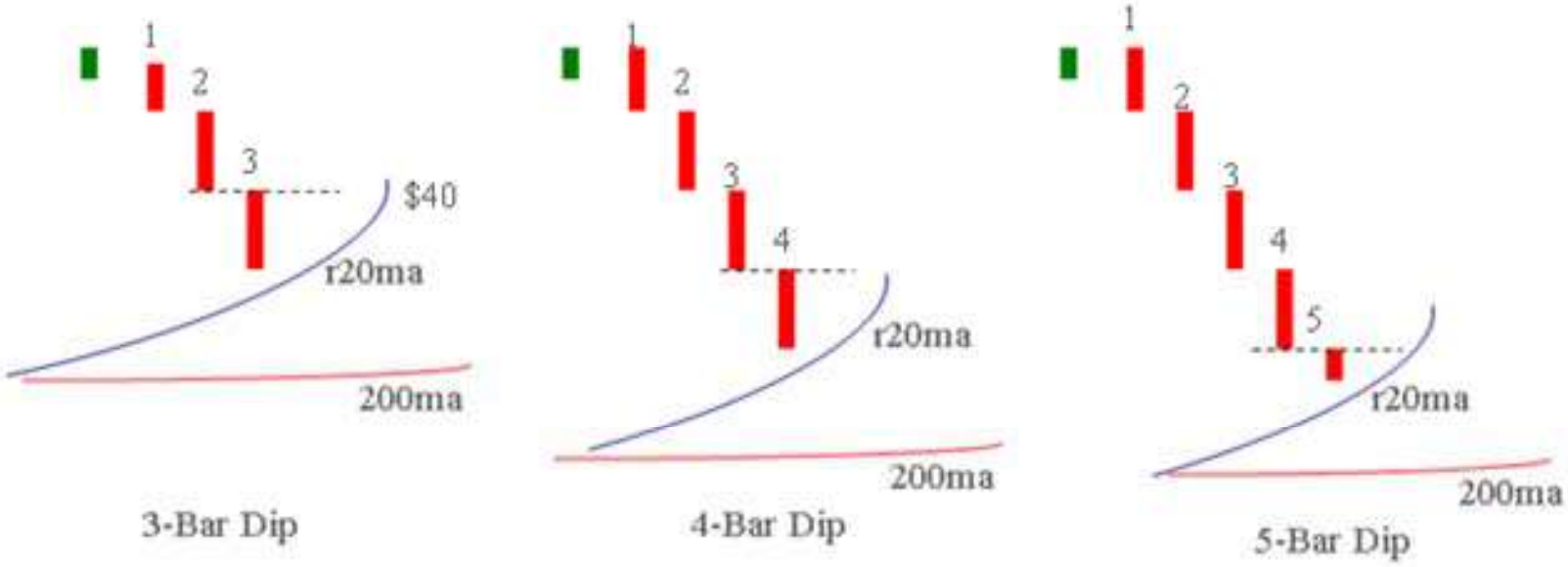
2) Neither the bulls nor the bears can consistently win more than 5 battles (bars) in a row. After a sharp 3 to 5 bar rally, the bears usually quickly regain control. After a sharp 3 to 5 bar decline, the bulls usually quickly regain control. These moves can move to the 5 to 8 bar zone at times.

3) Lastly, this law can be said this way: "After 3 to 5 green bars in a row, the iFund Trader should look to take advantage of an upcoming series of red bars. After 3 to 5 red bars in a row, the iFund Trader should look to take advantage of an upcoming series of green bars."

iFundTraders.com

The 3 to 5 Bar Buy Rule

1) **3-5 Bar Decline** – Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets up nice trading opportunities.



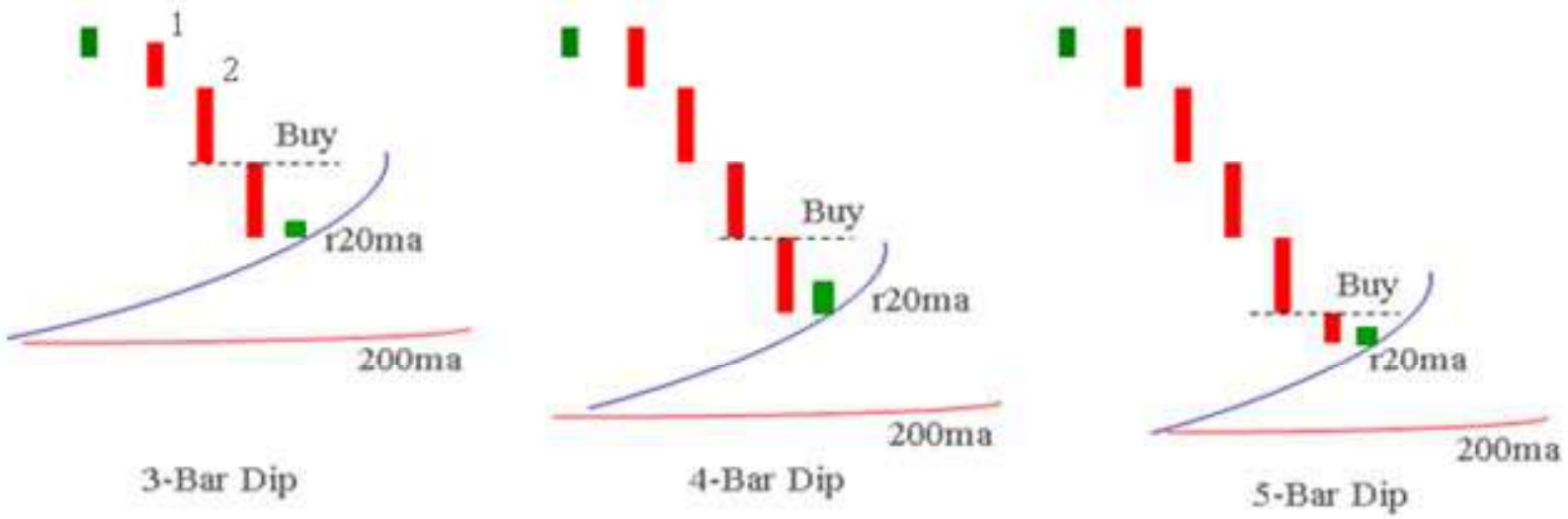
Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of resistance; d) was there a volume surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in upcoming chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Buy Rule

1) **3-5 Bar Decline** – Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets up nice trading opportunities.



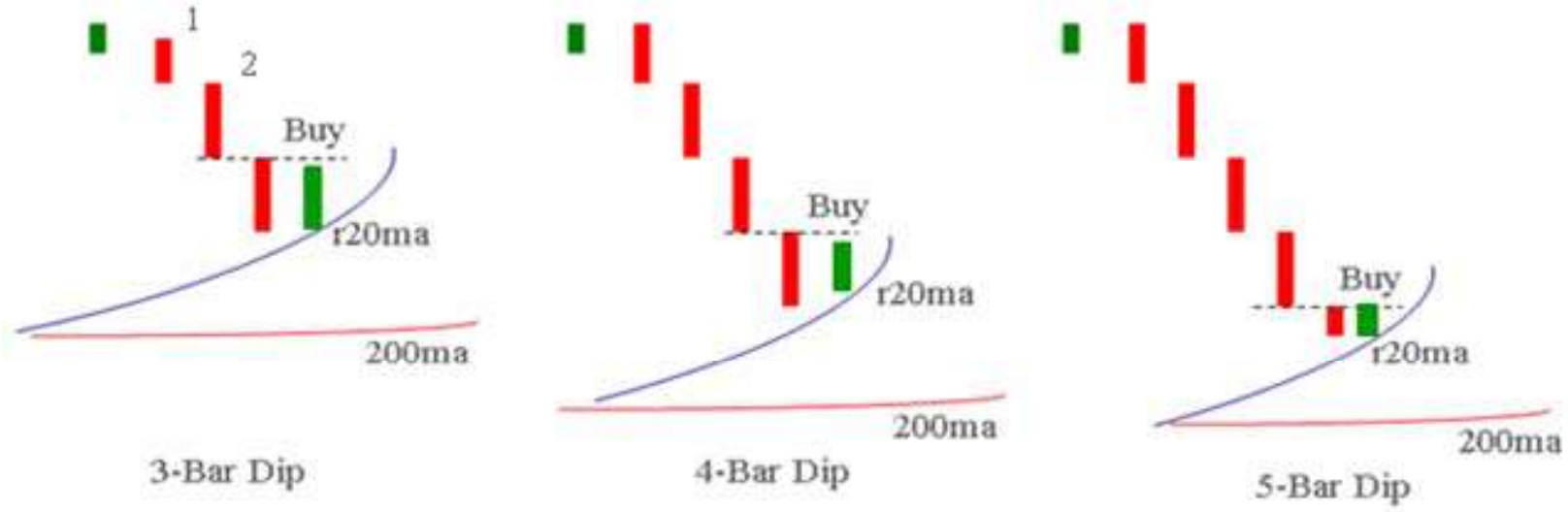
Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of resistance; d) was there a volume surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in the future chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Buy Rule

1) **3-5 Bar Decline** – Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets up nice trading opportunities.



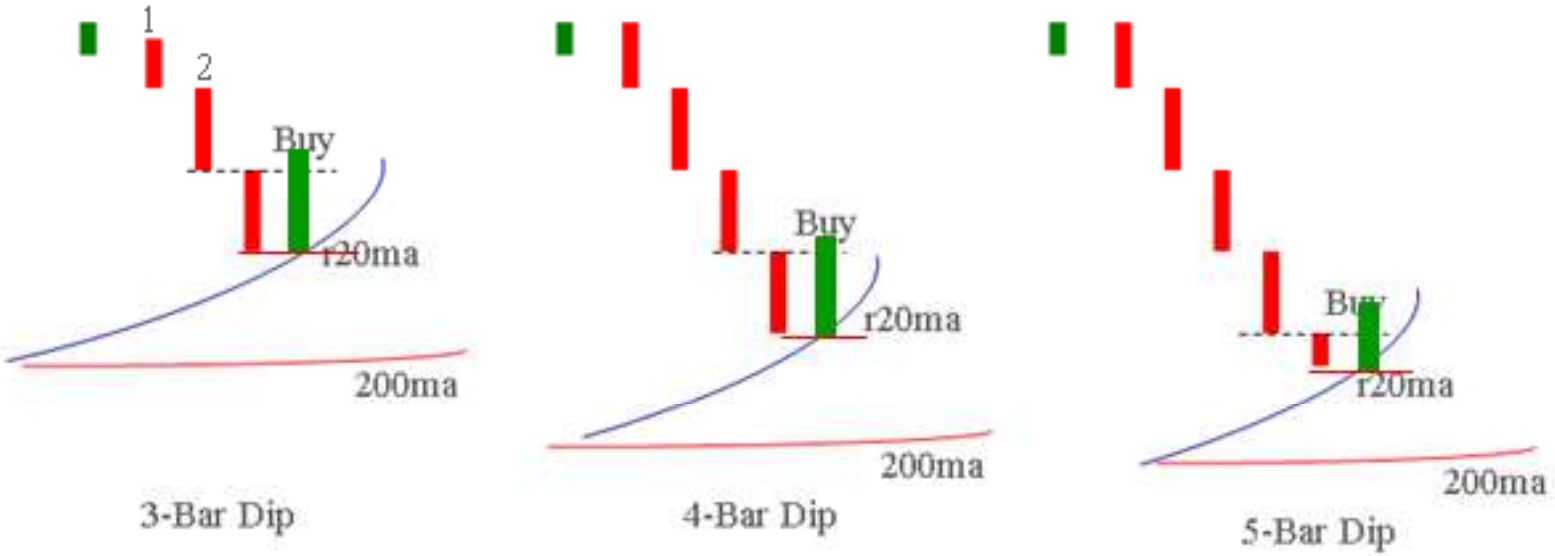
Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of resistance; d) was there a volume surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Buy Rule

1) **3-5 Bar Decline** – Stocks in strong up trends, as well as clearly defined sideways trends tend to rebound after a 3 to 5 bar decline. This tendency often sets up nice trading opportunities.



Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the upside, once the high of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar dip occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of resistance; d) was there a volume surge that took place toward the end of the decline; e) where is the dip in relation to the 20ma; and f) is the current decline potentially bottoming at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

The Picture of Strength

To find stocks in play throughout the day, iFund Trader would first look for sectors experiencing the picture of strength, then delve into those sectors to find the top stocks with the same picture.

iFundTraders.com

The 3 to 5 Bar Sell Rule

2) **3-5 Bar Rally** – Stocks in strong down trends, as well as clearly defined sideways trends tend to back off after a 3 to 5 bar advance. This tendency often sets up nice trading opportunities

Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the down side, once the low of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar rally occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of support; d) was there a volume surge that took place toward the end of the rally; e) where is the rally in relation to the 20ma; and f) is the current rally potentially topping at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Sell Rule

2) **3-5 Bar Rally** – Stocks in strong down trends, as well as clearly defined sideways trends tend to back off after a 3 to 5 bar advance. This tendency often sets up nice trading opportunities

Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the down side, once the low of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar rally occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of support; d) was there a volume surge that took place toward the end of the rally; e) where is the rally in relation to the 20ma; and f) is the current rally potentially topping at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Sell Rule

2) **3-5 Bar Rally** – Stocks in strong down trends, as well as clearly defined sideways trends tend to back off after a 3 to 5 bar advance. This tendency often sets up nice trading opportunities

Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the downside, once the low of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar rally occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of support; d) was there a volume surge that took place toward the end of the rally; e) where is the rally in relation to the 20ma; and f) is the current rally potentially topping at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

The 3 to 5 Bar Sell Rule

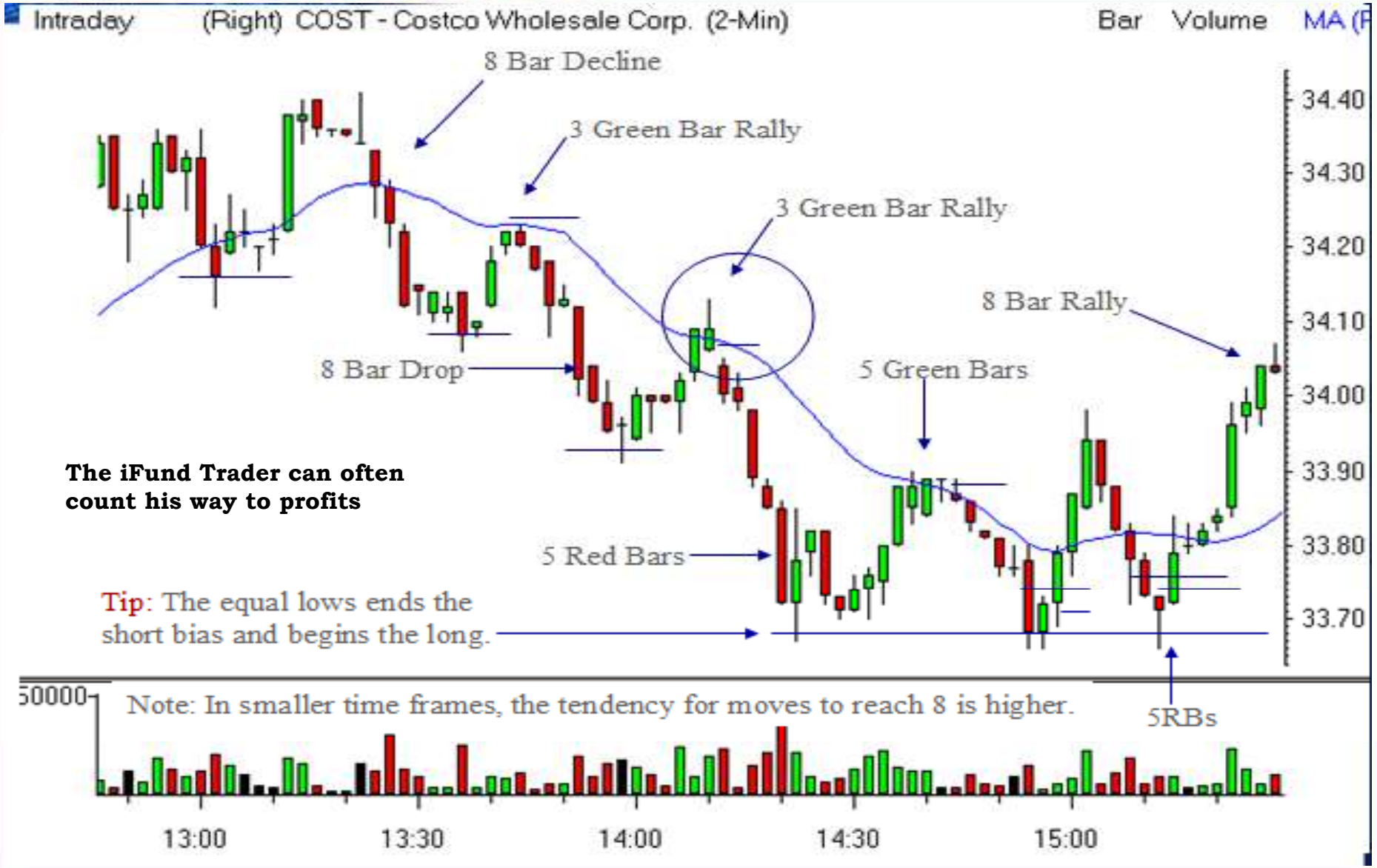
2) **3-5 Bar Rally** – Stocks in strong down trends, as well as clearly defined sideways trends tend to back off after a 3 to 5 bar advance. This tendency often sets up nice trading opportunities

Trading Notes

In each of the scenarios above, the iFund Trader would be looking for a tradable rebound to the downside, once the low of a prior bar has been taken out. How much of a rebound would depend on the answers to several key questions such as: a) is the 3-5 bar rally occurring in an up trend, down trend or sideways trend; b) are any of the most powerful reversal signs present; c) how far away is the nearest area of support; d) was there a volume surge that took place toward the end of the rally; e) where is the rally in relation to the 20ma; and f) is the current rally potentially topping at or around one of the key reversal times? The answers to all these questions are covered in the many trading concepts taught in up coming chapters and through out our 5-day live trading labs

iFundTraders.com

3 to 5 Bar Sell Rule



The iFund Trader can often count his way to profits

iFundTraders.com
Your path to professional trading starts here™

"Velez Market Law #4"

CHAPTER 9

Quote: "Market failures tend to cause major problems for most ordinary traders, but they can serve as major money making opportunities for well trained iFund Traders! In other words, we are always prepared to profit from the market's failed attempt to do something highly expected."
- Oliver L. Velez

Velez Market Law #4

The Failed New Low/High Law

"If a stock fails to make a new low, after it has already made 3 or more lower lows, it will make a new high. Conversely, if a stock fails to make a new high, after it has already made a series of higher highs (3 or more), it will make a new low on the next move."

Different ways to communicate the law:

1) The first failed attempt to make a new low in a well established downtrend is the first sign that the balance of power has shifted from the sellers back to the buyers. The trend has likely changed and the first low in the new trend has been identified.

2) The first failed attempt to make a new high in a well established uptrend is the first sign that the balance of power has shifted from the buyers back to the sellers. The trend has likely changed and the first high in the new trend has been identified.

3) The first failed attempt to make a new high or low in a well established trend is the first sign that the back of the existing trend has been broken and the opposing side is ready to regain control.

iFundTraders.com

The Fibonacci Sequence

The Origin of Fibonacci Theory:

Medieval mathematician and businessman Fibonacci (*Leonardo Pisano*) popularized the theory in the west in his treatise *Liber Abaci* (pub 1202).

The Fibonacci Numerical Sequence:

Fibonacci numbers are a sequence where each term equals the sum of the previous two:

1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233...

Bars MAs %

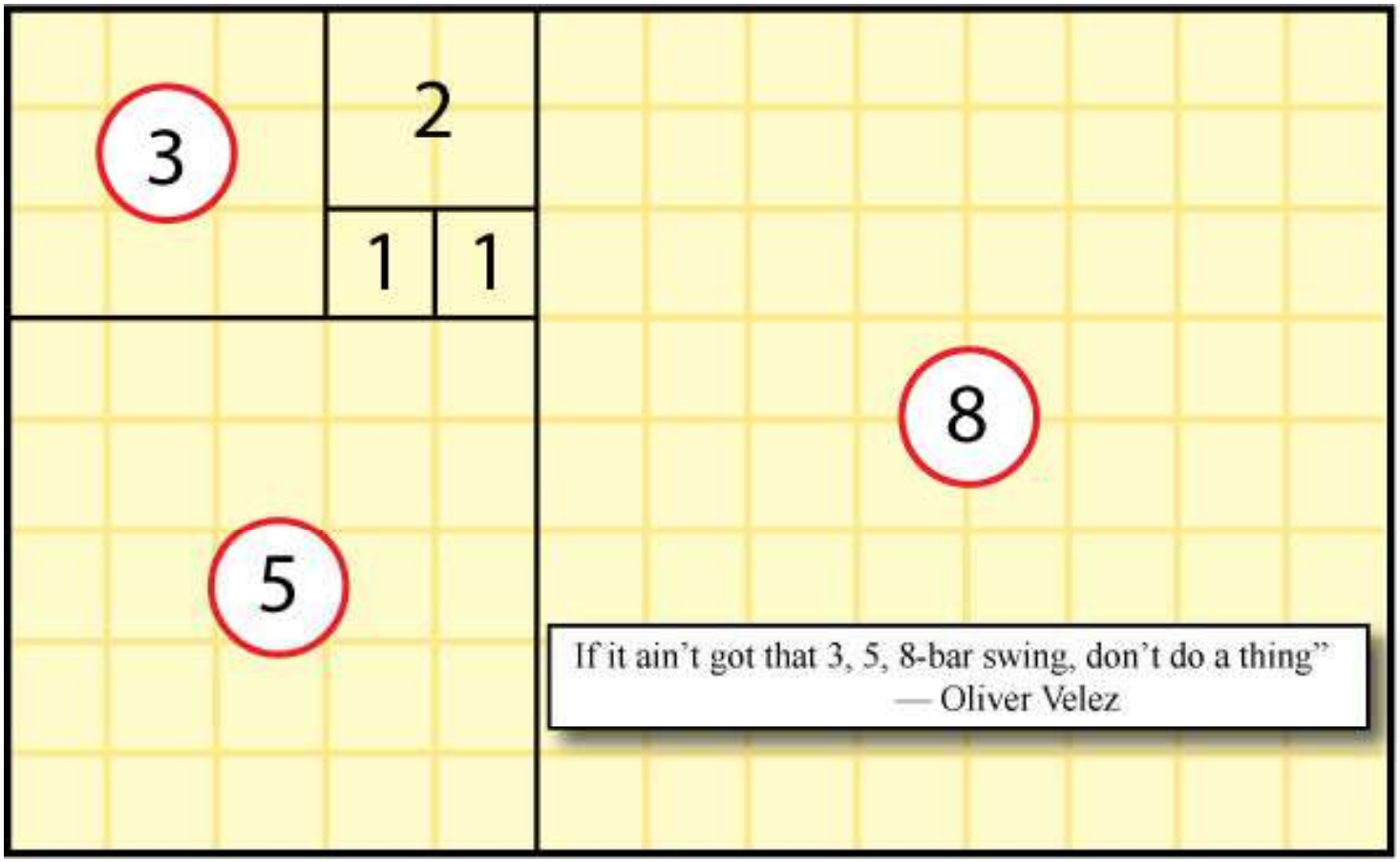
The "8", for example, belongs in the sequence because it equals 3 + 5.

The Fibonacci Market Theory:

Fibonacci numbers seem to occur in nature, and it has even been suggested that our brains are hardwired to find Fibonacci progressions naturally pleasing. Where they show up in investing is in technical analysis, where "the fibs" are supposed to predict the behavior of the stock market. *The theory is that the collective "investor/trader mind" must also be hardwired so that interesting things happen at Fibonacci-sized intervals.* Believe it or not, there really is a connection between Fibonacci numbers finance and major stock market moves.

iFundTraders.com

The Fibonacci Swing



Your stocks become playable once they begin to swing in 3, 5 and 8-bar cycles. If your stocks are not providing at least three bars of the same color, then they should be left alone. 1 to 2 bar cycles are "no-follow-through" markets that generate a lot of whipsaws and losing trades. **Tip:** The first time your stock produces a 3-bar rally or decline of the same color, it should become part of your focus list.

"iFund Traders" The Three Major Trailing Stop Methods

CHAPTER 10

"The idea is to get out fast when a trade goes against you."
- Jesse Livermore

iFundTraders.com

iFund Traders Trailing Stop Method 1

iFund Traders Bar-by-Bar Stop Method – This stop method is the most practiced amongst our traders, as it allows for riding brief, uninterrupted periods of momentum, without risking much in the way of giving back profits. However, if this method is launched too quickly, the odds of premature stop outs are higher. If entered too late, then the odds of losing your hard earned profits increase.

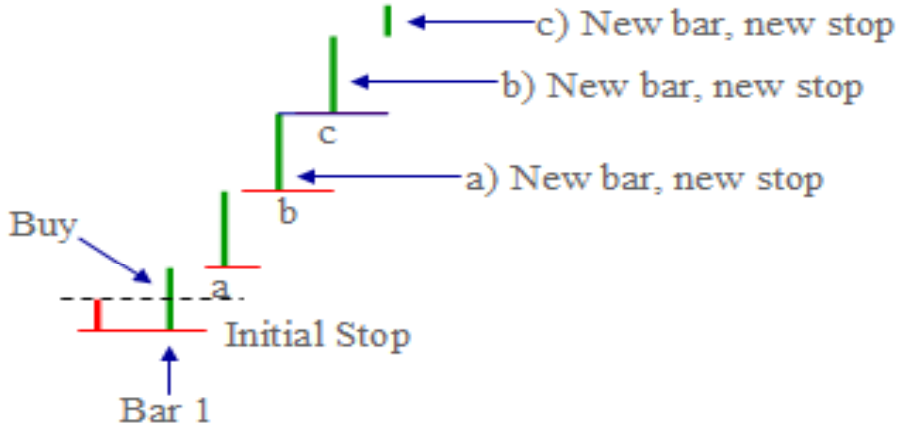


Figure 1

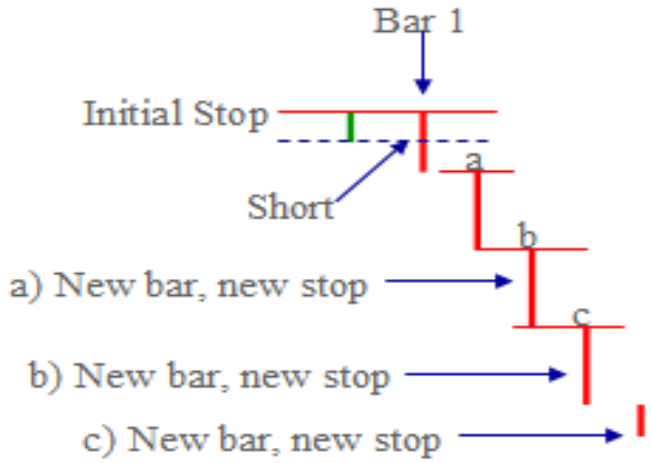


Figure 2

Bar-by-Bar Trailing Stop Method

Once the iFund Trader has entered his long, and placed his initial stop, it's a boom or bust scenario, meaning that either the trader will hit his anticipated target or get out at his initial stop. Once there is a two bar lift (this includes the entry bar if it ends higher than the buy price), the trader would launch into "TRAILING STOP" mode. During which, the trader maintains a mental stop $0.01 below the prior bar's low at all times. As each new bar begins, the TRAILING STOP is moved up, always staying only one bar behind the bar currently trading. The same would apply in reverse, as evidenced by Figure 2.

iFundTraders.com

Bar-by-Bar Trailing Stop

iFundTraders.com

Bar-by-Bar Trailing Stop

The numbers show each one of the TRAILING STOP moves made by the iFund Trader.

Tip: Remember, begin TRAILING STOP mode only AFTER you have two bars of profitability.
Before that, it's the initial stop(s) that serves as your line in the sand.

Charts Courtesy of iFund Traders Trader Pro®

iFundTraders.com

iFund Traders Trailing Stop Method 2

2) **iFund Traders 8ma Momentum Stop Method** – This is by far the most dynamic TRAILING STOP method we deploy, but requires nerves of steel to put into practice. It represents one of my personal favorites because of its superior ability to keep the trader in a trade during the sweetest (strongest) part of the move. Bar-by-bar noise is eliminated, allowing the trader to focus on what counts, the force of the trend. What must be kept in mind is that when stocks are not in a trending mode, this stop method will result in frequent "whip-saws." But, with proper timing, it (like its bigger brother, the 20ma trailing stop method) is unrivaled when it comes to "milking" the best part of a stock's move. ***Note:*** *We allow iFund Traders to use this stop method right from the beginning stages of their trading.*

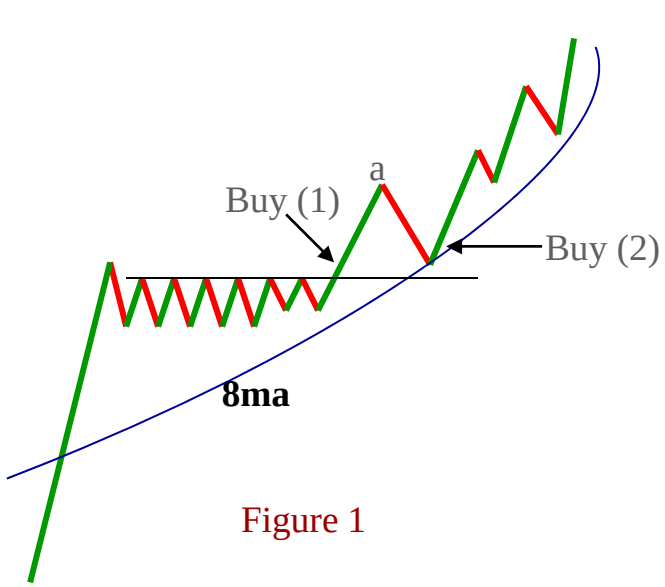
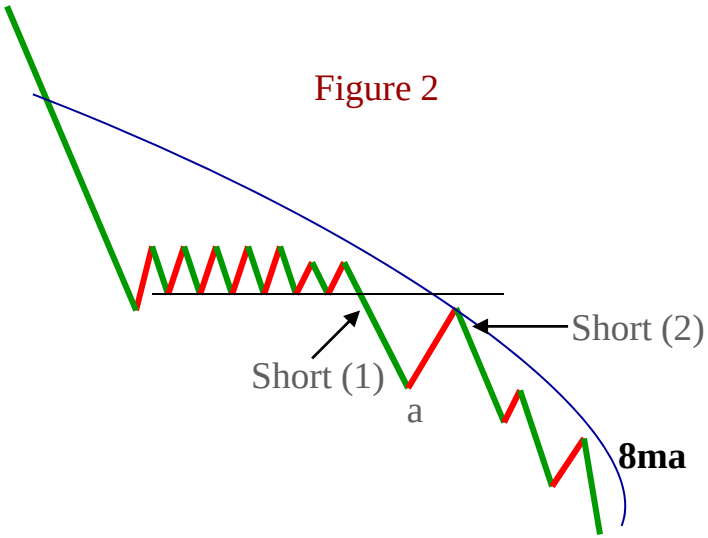


Figure 1

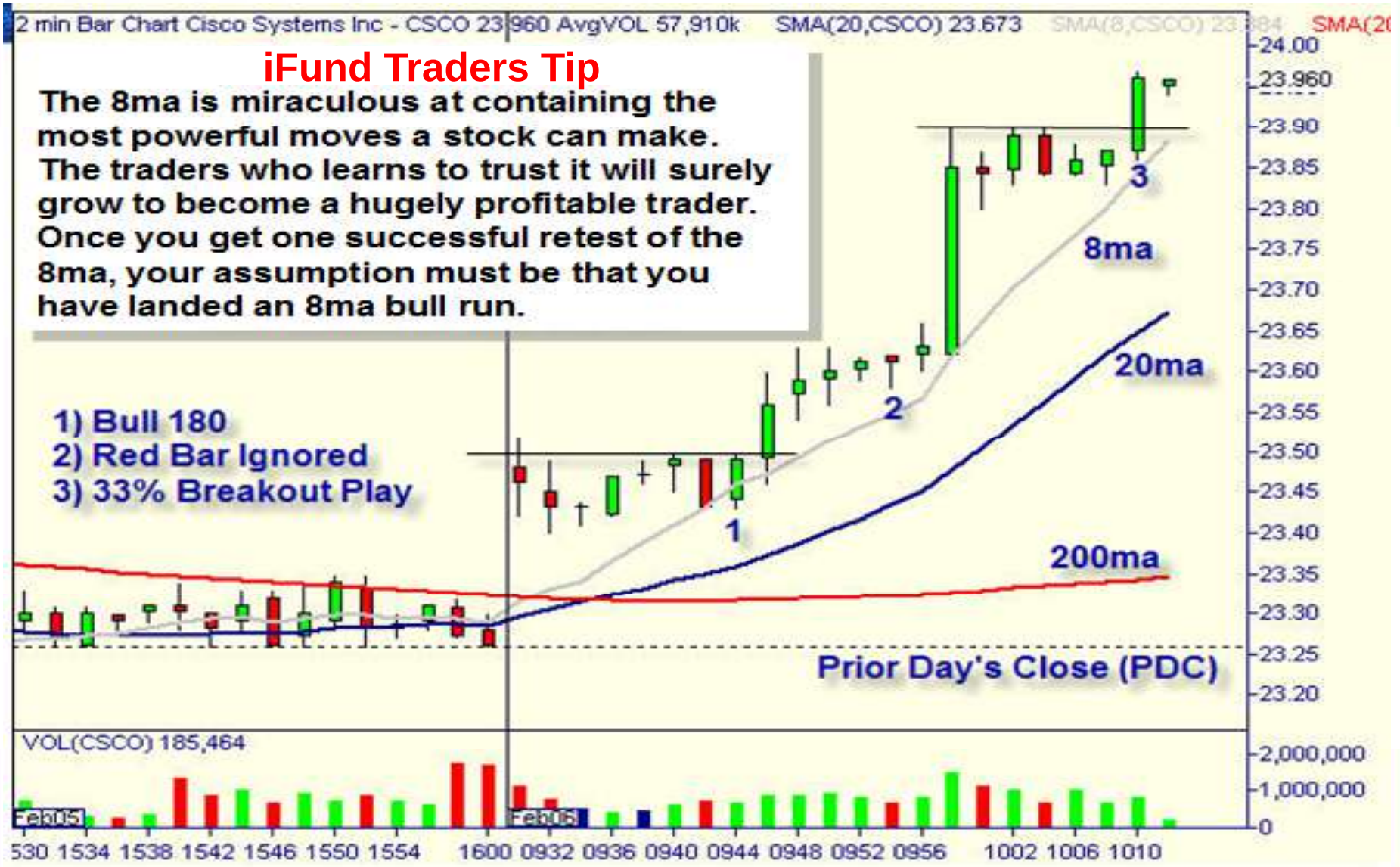
Figure 2



In the above Figure 1, the iFund Trader would simply buy at point 1, and sell into the initial rise, anticipating a pullback before the secondary leg. At buy point 2, the iFund Trader could try and hold on to the stock as long as it remained above the r8ma. Essentially, at that point, the 8ma would become the iFund Traders TRAILING STOP. Everything would be handled in reverse for Figure 2. The method applied to 1- 2- and 5-minute charts works extremely well.

iFundTraders.com

The 8ma Bull Run



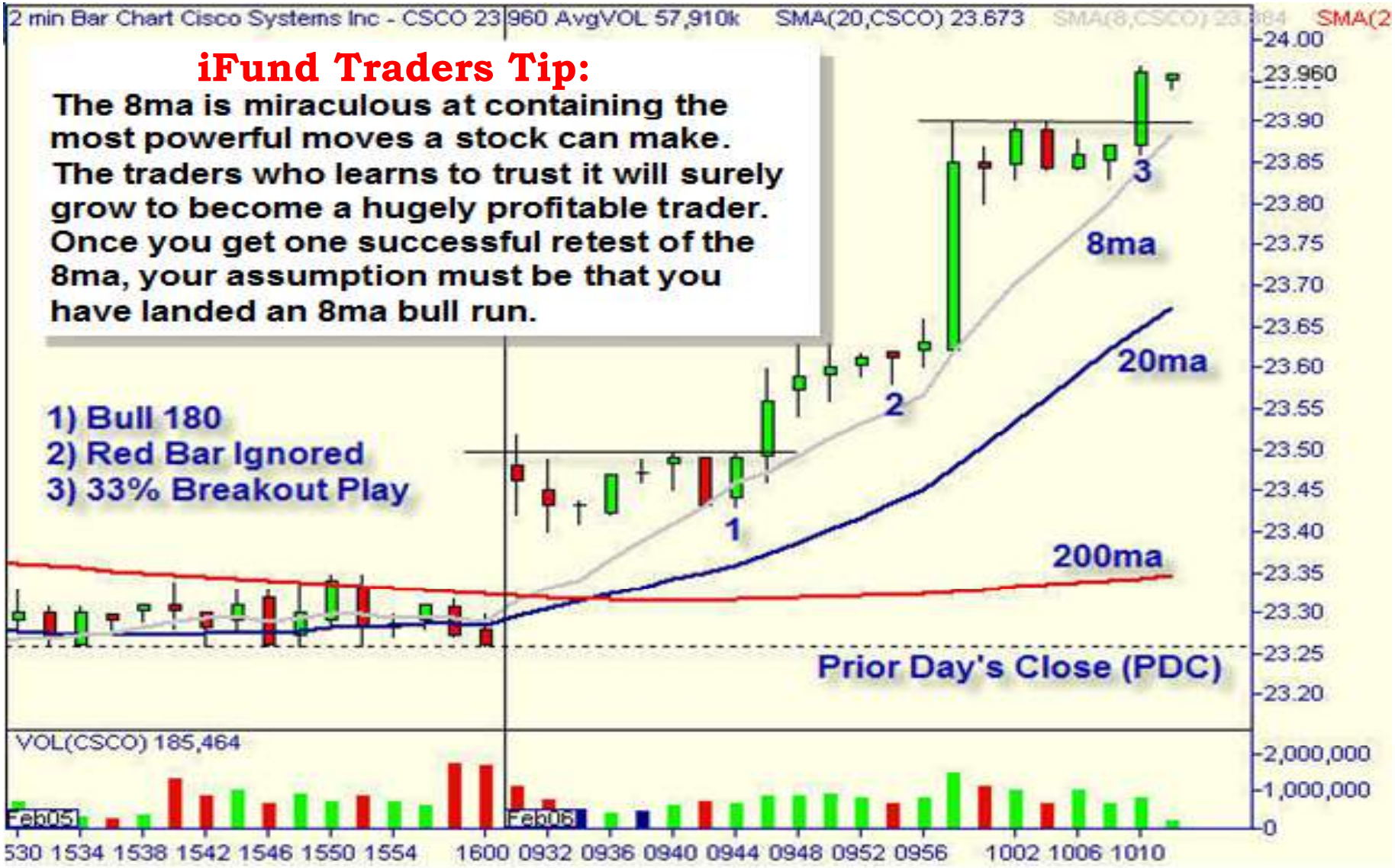
iFundTraders.com

The 8ma Bull Power

Tip: **iFund Traders add to winning plays by buying at each iFund Trader Buy Tactic.**

iFundTraders.com

8ma Bull Run



iFundTraders.com

Taking the 8 Train

Charts Courtesy of Ifund Trader's 5.1.0.3

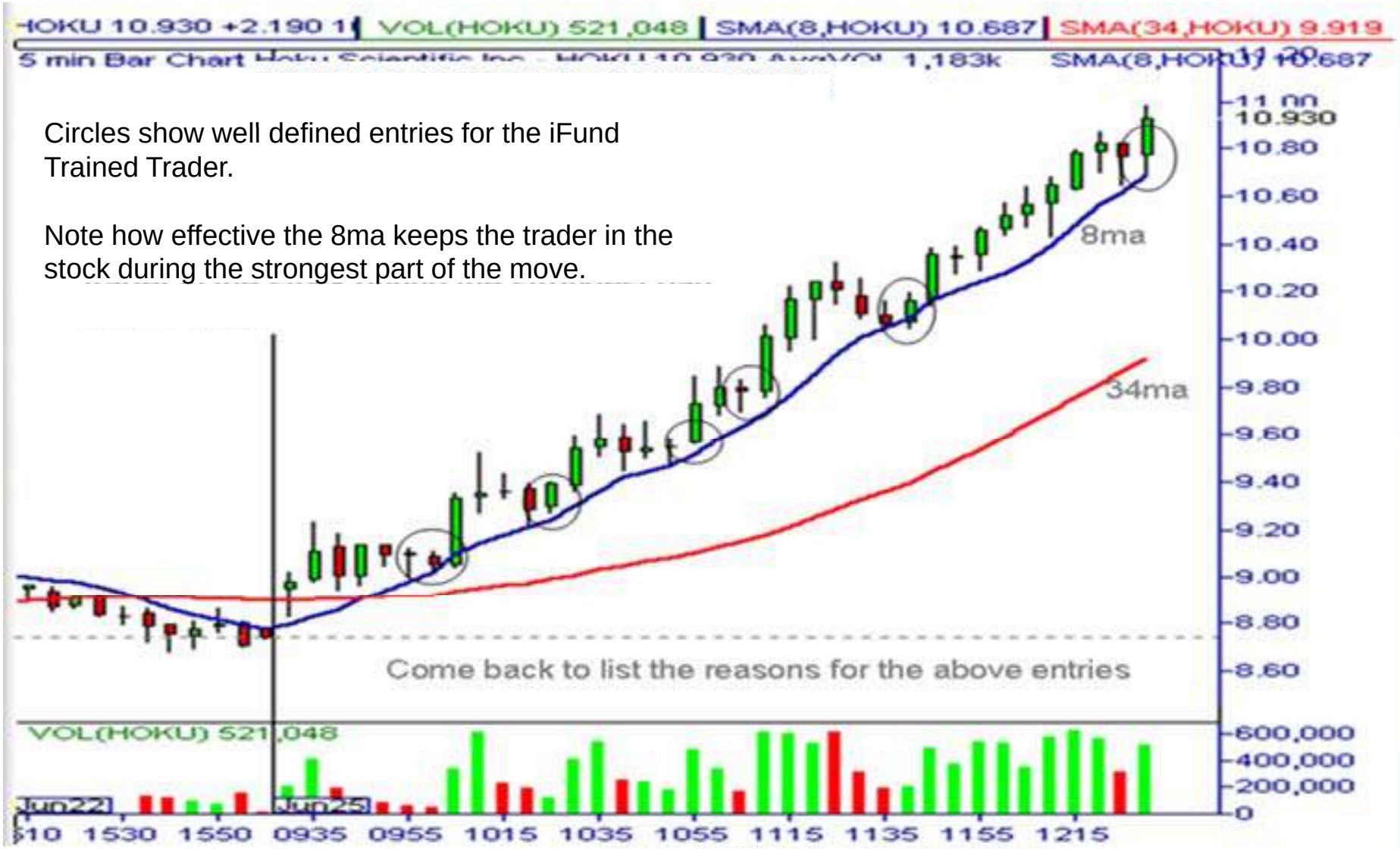
iFundTraders.com

8ma Bear Run

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

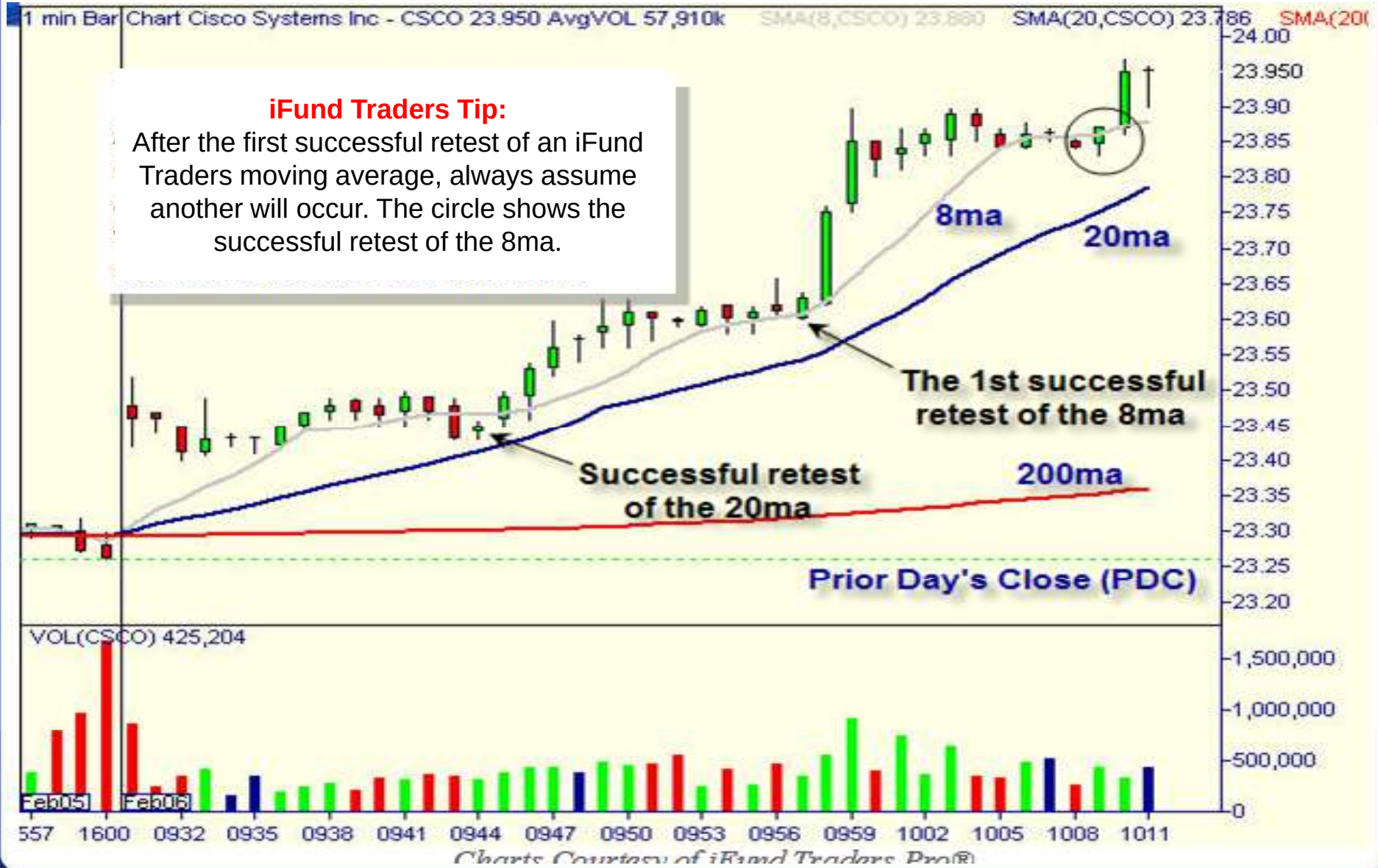
8ma Trailing Stop



Charts Courtesy of iFund Traders Pro®

iFundTraders.com

The 8ma Retest


1 min Bar Chart Cisco Systems Inc - CSCO 23.950 AvgVOL 57,910k
SMA(20,CSCO) 23.786
iFund Traders Tip:
After the first successful retest of an iFund Traders moving average, always assume another will occur. The circle shows the successful retest of the 8ma.
8ma
20ma
The 1st successful retest of the 8ma
Successful retest of the 20ma
200ma
Prior Day's Close (PDC)
VOL(CSCO) 425,204
Feb05
Feb06
557 1600 0932 0935 0938 0941 0944 0947 0950 0953 0956 0959 1002 1005 1008 1011
Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Trailing Stop Method 3

3) **iFund Traders 20ma TRAILING STOP Method** – This is by far the most basic TRAILING STOP method we deploy, and the easiest to put into practice. In many ways, it is the most superior method of all, as it forces the trader to focus on the trend, instead of the bar-by-bar noise, which can be quite confusing at times. However, its superior nature only works in trending stocks and markets and it loses all of its luster when stocks and markets are not trending. But, with proper timing, it is unrivaled when it comes to "milking" a stock's move for all it's worth. ***Note**: We ONLY allow iFund Traders to use this method AFTER they have graduated to level 4.*

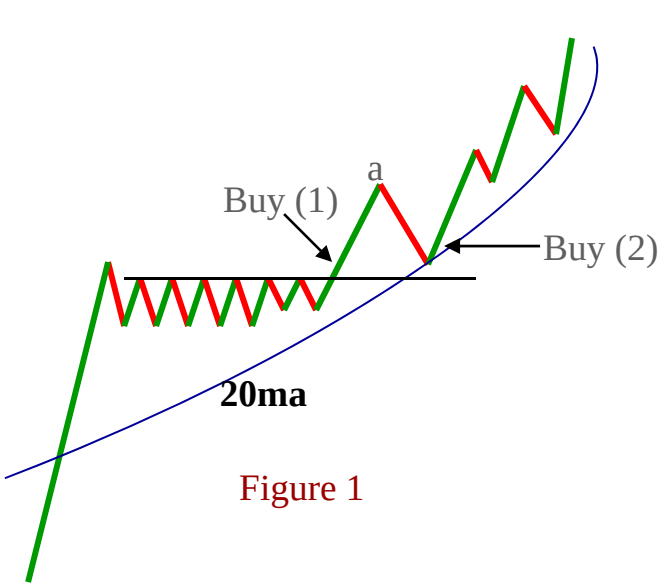
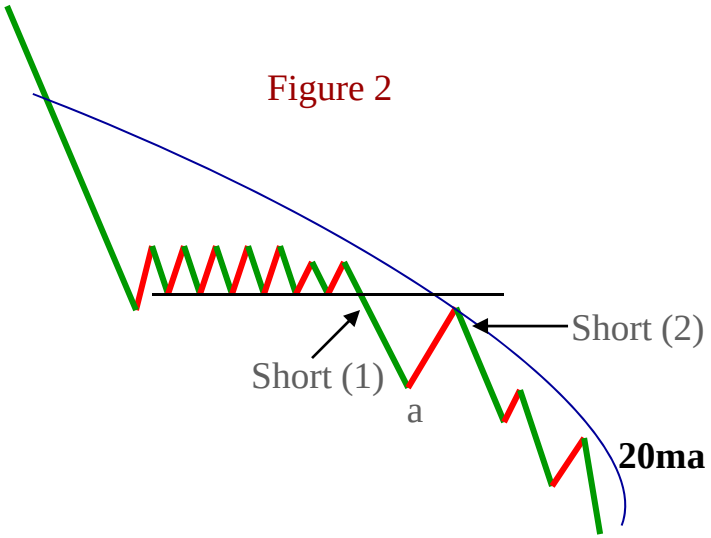


Figure 1

Figure 2



In the above Figure 1, iFund Traders would simply buy at point 1, and sell into the initial rise, anticipating a pullback before the secondary leg. At buy point 2, iFund Traders could try and hold on to the stock as long as it remained above the r20ma. Essentially, at that point, the 20ma would become the iFund Traders TRAILING STOP. Everything would be handled in reverse for Figure 2. The method applied to 2- and 5-minute charts works extremely well.

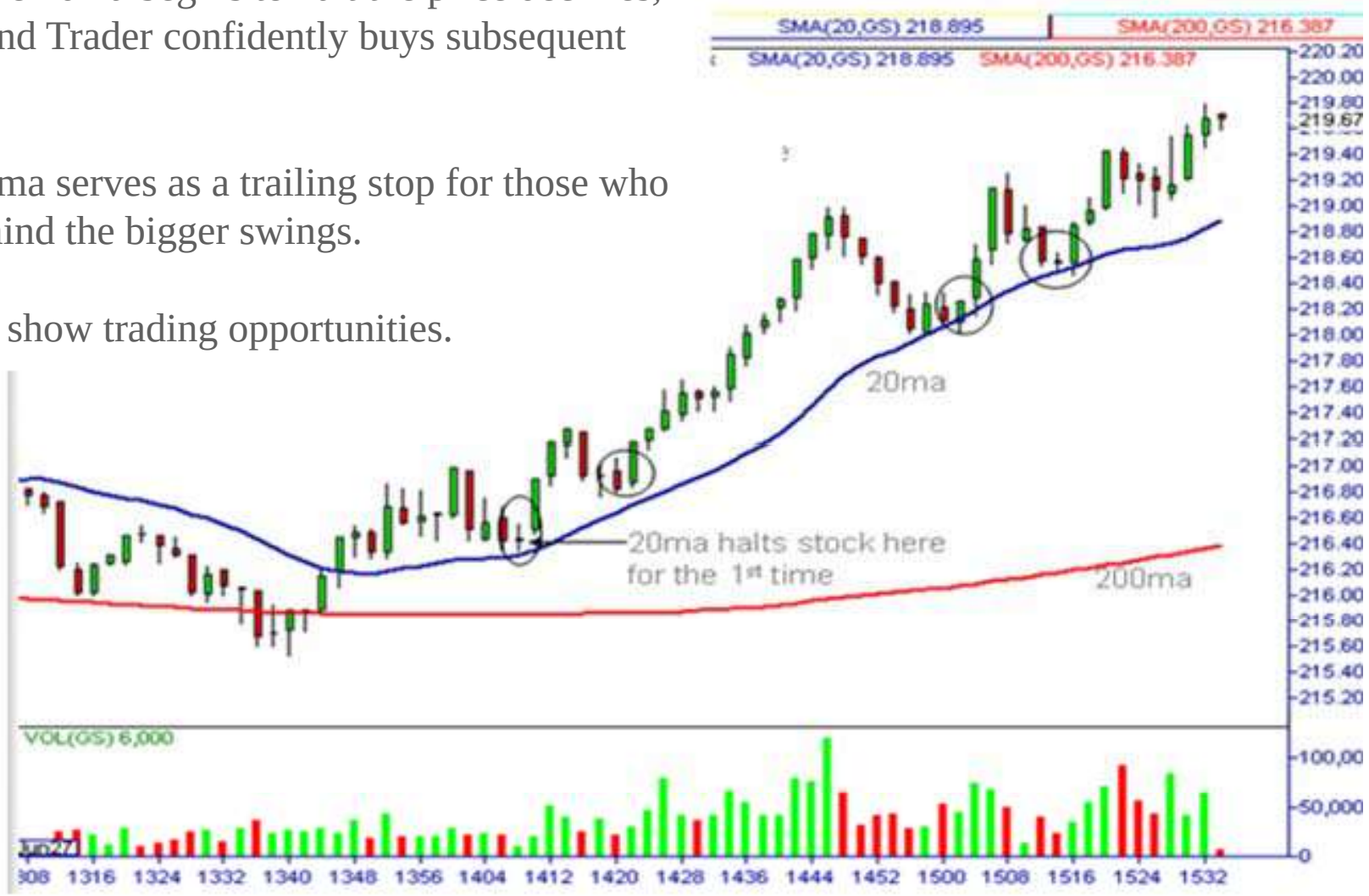
iFundTraders.com

The 20ma Trailing Stop

Once the 20ma begins to halt the price declines, the iFund Trader confidently buys subsequent retests.

The 20ma serves as a trailing stop for those who don't mind the bigger swings.

Circles show trading opportunities.



iFundTraders.com

The 20ma Trailing Stop

The iFund Trader has multiple opportunities to enter a short in INTU and add to it, while riding each open position for maximum gains using the 20ma as the trailing stop.

Note: The iFund Trader is still holding all open positions.

"iFund Traders" The Market's Three Trends

CHAPTER 11

"You can beat a horse race, but you can't beat the races."
- Unknown

iFundTraders.com

The Market's Three Trends

1) The Up Trend – The up trend, by far the most popular of all, is usually defined by a series of higher highs and higher lows. Our definition is a bit more involved. In addition to higher highs and lows, we want an up trend to posses a smooth rising 20ma above a 200ma.

1) Uptrend

Tip: In Up Trends, iFund Traders buy dips toward the 20ma, buy breakouts away from the 20ma and short climactic runs too far from the 20ma.

2) The Down Trend – The down trend, by far the most feared of all, is usually defined by a series of lower highs and lower lows. Our definition is a bit more involved. In addition to lower highs and lows, we want a down trend to posses a smooth declining 20ma below a 200ma.

2) Downtrend

Tip: In Down Trends, iFund Traders short rallies toward the 20ma, short breakouts away from the 20ma and buy climactic declines too far from the 20ma.

3) The Sideways Trend – The sideways trend, by far the most frustrating, is usually defined by a series of relatively equal highs and lows. This stage can be wide, usually when it forms after an advance, or it can tight and narrow, usually when it is just a pause or after a sharp decline.

3) Sideways Trend

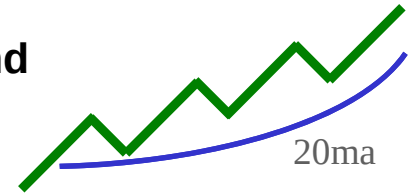
Tip: In Sideways Trends, iFund Traders buy/bid dips and short/offer rallies.

iFundTraders.com

The Market's Three Up Trends

1) The Regular Up Trend – This uptrend, defined as a rising stock above a smooth rising 20ma, is a iFund Traders bread and butter trend. This trend will be played more than an other.

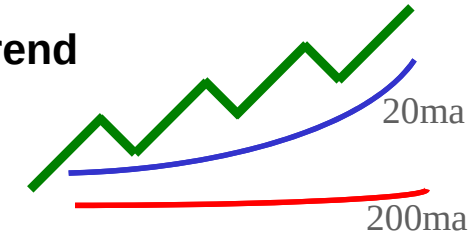
1) Reg. Up trend



Tip: In Regular up trends, iFund Traders buy dips toward the 20ma, buy breakouts away from the 20ma and short climactic runs too far from the 20ma.

2) The Power Uptrend – This uptrend, defined as a rising stock above a rising 20ma which is also above the 200ma, is a step above the regular uptrend. An overhead 200ma represents clouds in the sky, somewhat. When the 200ma is below all the action, it's typically clearer sailing for the stock.

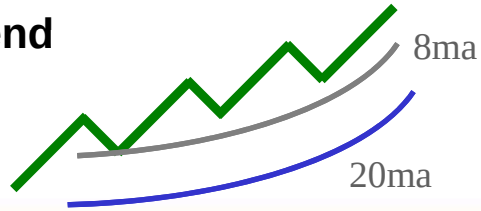
2) Power Uptrend



Tip: In Power up trends, dips are no concern and can be used to accumulate larger positions.

3) The Super Uptrend – The uptrend, defined as a rising stock above a rising 8ma, which is also above a rising 20ma, is the most powerful one in existence. It's emergence signifies pure unadulterated buying power that one can trust absolutely. It does not get better than this!

3) Super Uptrend



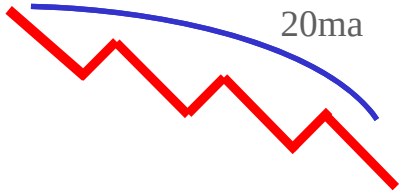
Tip: In Super up trends, buying anywhere and anytime during the trend works amazing well.

iFundTraders.com

The Market's Three Down Trends

1) The Regular Down Trend – This downtrend, defined as a declining stock below a smooth declining 20ma, is a iFund Traders bread and butter short trend. This trend will be played on the short side more than an other.

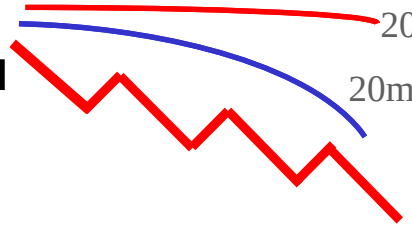
1) Reg. Downtrend



Tip: In Regular downtrends, iFund Traders short rallies toward the 20ma, short breakdowns away from the 20ma and buy climactic runs too far below the 20ma.

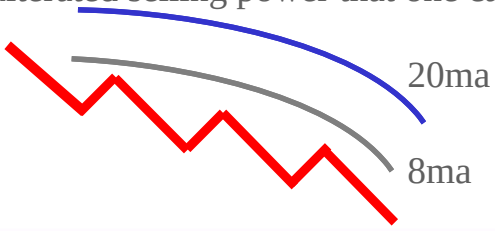
2) The Power Downtrend – This downtrend, defined as a declining stock below a declining 20ma which is also below the 200ma, is a step above the regular downtrend. A 200ma below the stock represents a floor of support. When the 200ma is above all the action, the stock is typically freer to fall.

2) Power Downtrend



Tip: In Power downtrends, rallies are no concern and can be used to build larger short positions.

3) The Super Downtrend – The downtrend, defined as a declining stock below a declining 8ma, which is also below a declining 20ma, is the most powerful one in existence. It's emergence signifies pure unadulterated selling power that one can trust absolutely. It does not get better than this for bears!



Tip: In Super downtrends, shorting anywhere and anytime during the trend works amazing well.

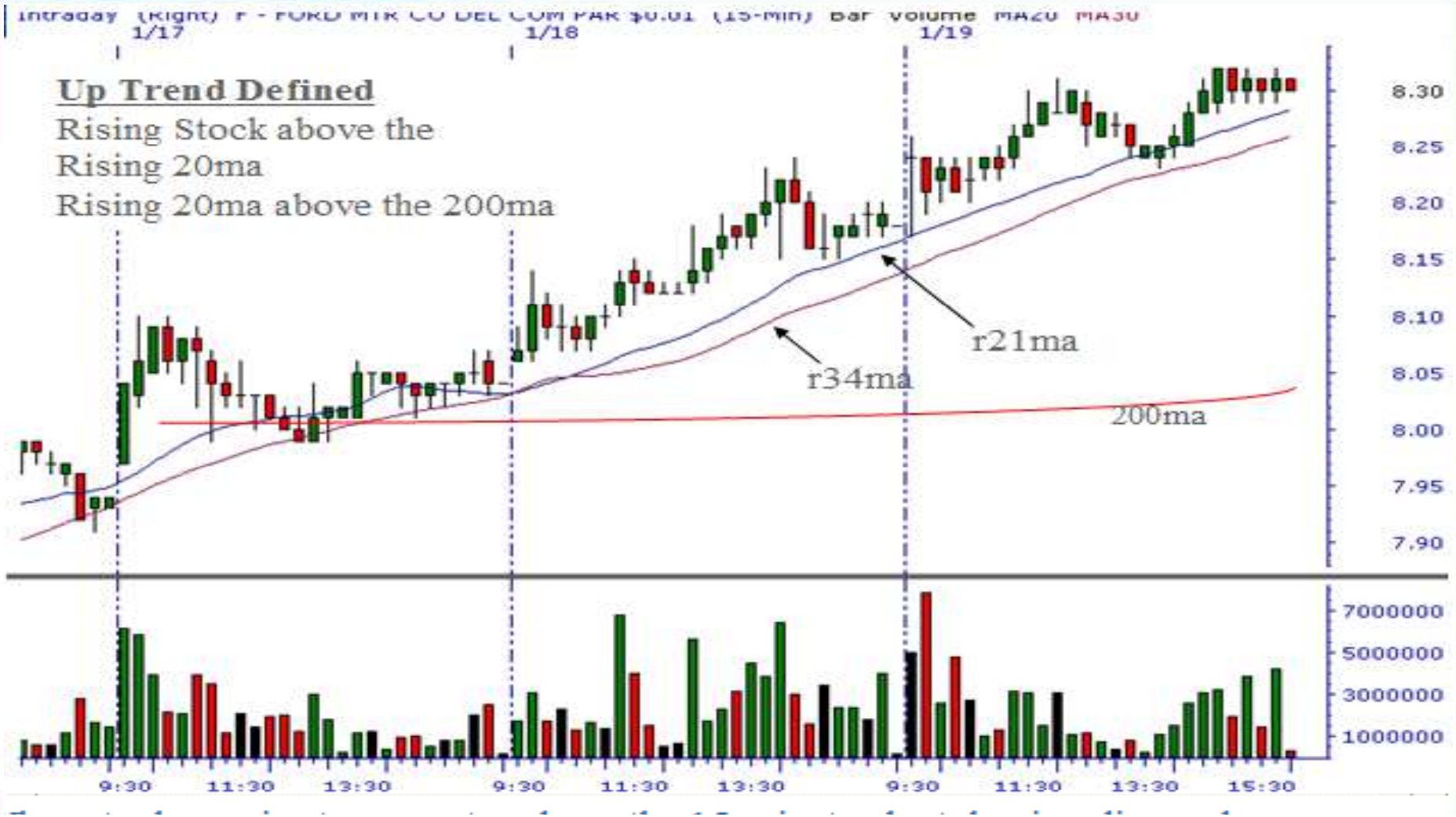
iFundTraders.com

iFund Traders Super Uptrend

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

15-Minute Up Trend



When stocks are in strong up trends on the 15-minute chart, buying dips and breakouts on the 2-minute and 5-minute charts have better odds of working.

Charts Courtesy of Realtick®

iFundTraders.com

15-Minute Down Trend

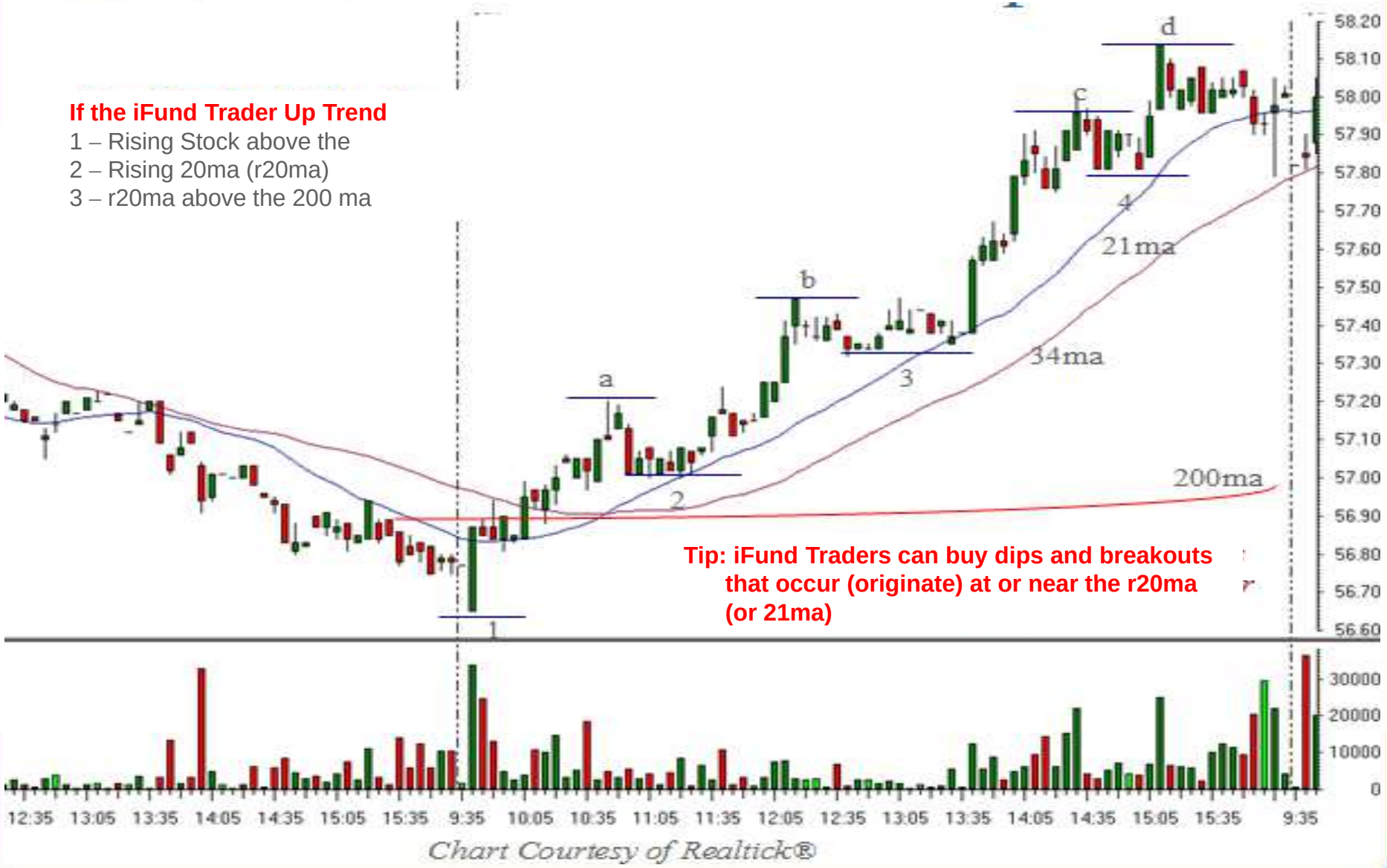
When stocks are in strong down trends on the 15-minute chart, shorting rallies and breakdowns on the 2-minute and 5-minute charts have better odds of working.

Chart Courtesy of Realtick®

iFundTraders.com

5-Minute Up Trend

If the iFund Trader Up Trend
1 – Rising Stock above the
2 – Rising 20ma (r20ma)
3 – r20ma above the 200 ma



Tip: iFund Traders can buy dips and breakouts that occur (originate) at or near the r20ma (or 21ma)

Chart Courtesy of Realtick®

iFundTraders.com

5-Min Downtrend

iFundTraders.com

2-min Up Trend

Tip: Rising 20ma over the 200ma =
Buy dips and breakouts at or near the 20ma.

Come back after the course to name these iFund Traders Trades

Chart Courtesy of Realtick®

iFundTraders.com

2-min Downtrend

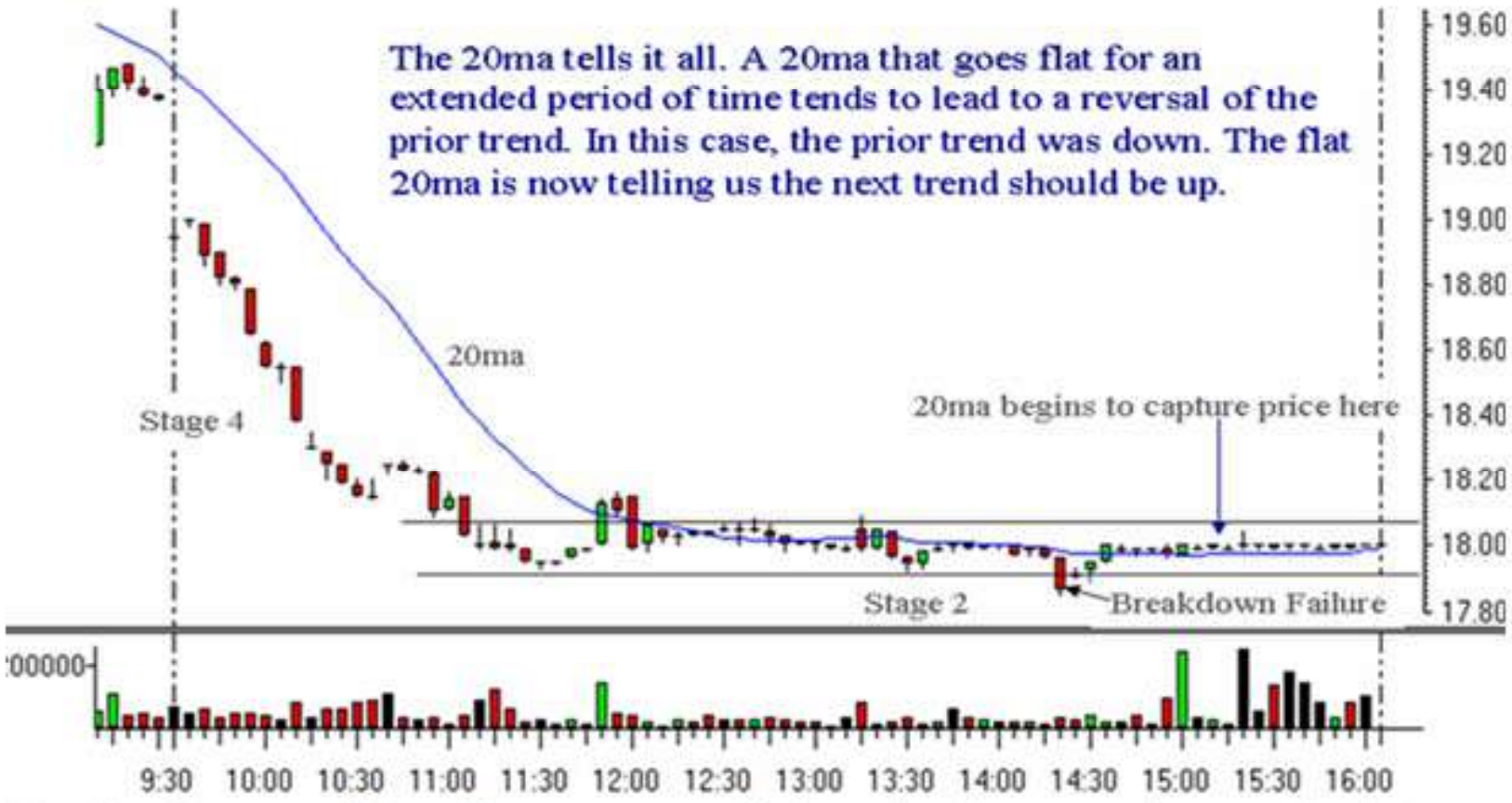
We've seen this chart several times, already, but it communicates so much that it taught by iFund Traders, you'll see it several more times.

Come back sometime after the course to name these iFund Traders Set-ups (events).

Chart Courtesy of Realtick®

iFundTraders.com

5-Minute Sideways Trend



Once the 20ma goes flat and becomes one with the price, the assumption must be that the base is a bottom that will lead to an up move. *Tip: The key that the breakout is near is when the 20ma begins to capture (hold) the price.*

Chart Courtesy of Realtick®

iFundTraders.com

1-Minute Sideways Trend

200ma
The key ingredient of a true sideways market is a flat 20ma. During flat 20ma periods, a stock will spend 50% of its life above the 20ma and 50% of its sideways life below it. This creates an opportunity to buy the dips and short the rallies for a period time.
Offer/Sell Zone
Bid/ Buy Zone
20ma
20ma checks the price here
Trading Tip: Once the 20ma halts the price decline, resistance or support is often broken.

Charts Courtesy of iFund Traders Pro®

iFundTraders.com
Your path to professional trading starts here™

"Section III"
The Trading Patterns
CHAPTER 12

"Do not have an interest in too many stocks at one time.
It is much easier to watch a few than many."
- Jesse Livermore

iFundTraders.com

iFund Traders Buy Setup **(VBS)**

BULLISH TREND

Rising stock above a rising 20ma (a 20ma above a 200ma is ideal but not required)

FULL SETUP

1. Three or more consecutive *Lower Highs (LHs)*, and *Lower Lows (LLs)*, or,
2. Three or more Red Bars (RBs). *Tip: Two LHs or RBs will often work in very strong trends.*

ADD-ONS

1. **Bottoming Sign**: BT, GBR, NRB, NB: *Volume Surge and Wide Range Bar (optional)*
2. **Location:** Price support, moving average support, retracement support; prior day close
3. **Time**: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15 – 2:30; 3:00; 3:30; BOM; EOM; MOM

BUY ACTION

1. Buy .01 above the prior bar's high. Note: If the prior bar's high is too far away, drop to the next lower time frame and use the prior bar's high in that time frame as your alternative entry price. Example: If the prior 5-minute high is too far away, drop to the 2-minute chart and buy the stock above the prior 2-minute high.
2. Place a mental stop .01 below the entry bar's low. If too close, use prior bar's low.

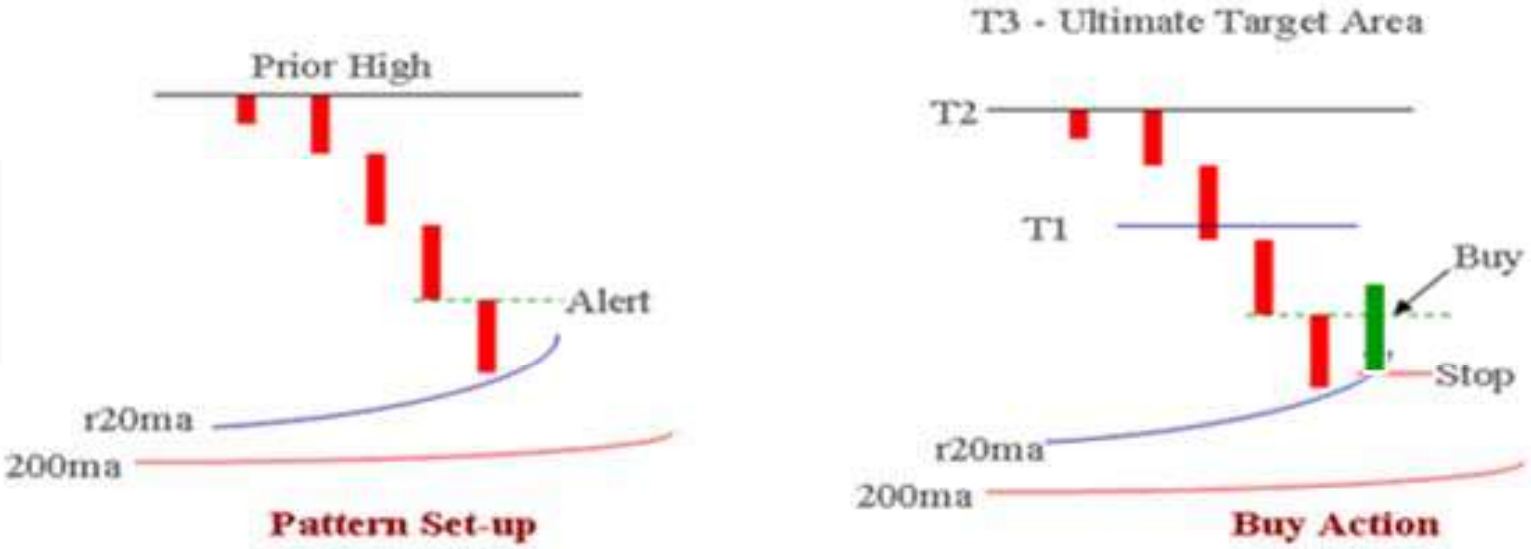
TRADE MANAGEMENT

1. Set minimum target at the 50% Retracement level. The secondary target is at or near the prior pivot high and third is above the pivot high. Note: An overhead MA can also be a target.
2. After a 2 bar advance, place a trailing stop .01 under each prior bar's low until a) price objective is met; b) a topping tail forms; c) a wide range up bar forms; or d) a RBR dips below (takes away) more than 50% of the prior bar.

iFundTraders.com

iFund Traders Buy Tactics

1) **iFund Traders Buy Set-up** – This is the main buy set-up we use at iFund Traders and it will represent anywhere from 65% - 80% of your longs. It is comprised of only a few basic criteria and can be used in all time frames. To make it as a iFund Traders Trader, this tactic *must* be mastered.



T1 – 50% Target; T2 – Prior High Target; T3 – New High Target

1) **iFund Traders Note:** – The location and time of occurrence of this main stay trading pattern are the major keys. The iFund Traders Trader wants to essentially focus on the VBSs that occur at or near multiple support levels and key reversal times. The ones accompanied by Narrow Range Bars (NBRs) are my personal favorite. We'll talk about these as we move forward.

iFundTraders.com

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

2 min Bar Chart Monster Worldwide Inc - MNST 27.980 AvgVOL 2,365k
SMA(20,MNST) 27.583
VBS off the rising 8ma
Note the two entry possibilities. The first one is the 55% retracement of a red bar. The second is the 100% entry method.
iFund Traders Tip:
Some iFund Traders take both entry signals, meaning they buy twice.
8ma
20ma
200ma
VOL(MNST) 26,459
Feb22
446 1450 1454 1458 1502 1506 1510 1514 1518 1522 1526 1530 1534 1538 1542 1546 1550 1554 1558

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Buy Set-up **(VBS)**

Chart Courtesy of Team Trading Pro™

iFundTraders.com

iFund Traders Sell Set-up **(VSS)**

BEARISH TREND

Declining stock under a declining 20ma (a 20ma below the 200ma is ideal, but not required)

FULL SETUP

1. Three or more consecutive *Higher Lows (HLs)*, and *Higher Highs (HHs)* or,
2. Three or more Green Bars (GBs). *Tip: Two HLs or GBs will work in very strong trends.*

ADD-ONS

1. **Topping Sign**: TT, RBR, NRB, NB; *Volume Surge and Wide Range Bar (Optional)*
2. **Location:** Price resistance, Moving average resistance, Retracement resistance; Prior Close
3. **Time**: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15 – 2:30; 3:00; 3:30; BOM; EOM; MOM

SELL/SHORT ACTION

1. Short .01 below the prior bar's low. Note: If the prior bar's low is too far away, drop to the next lower time frame and use the prior bar's low in that time frame as your alternative entry price. Example: If the prior 5-minute low is too far away, drop to the 2-minute chart and short the stock below the prior 2-minute low.
2. Place stop .01 above the entry bar's high. If too close, use prior bar's high.

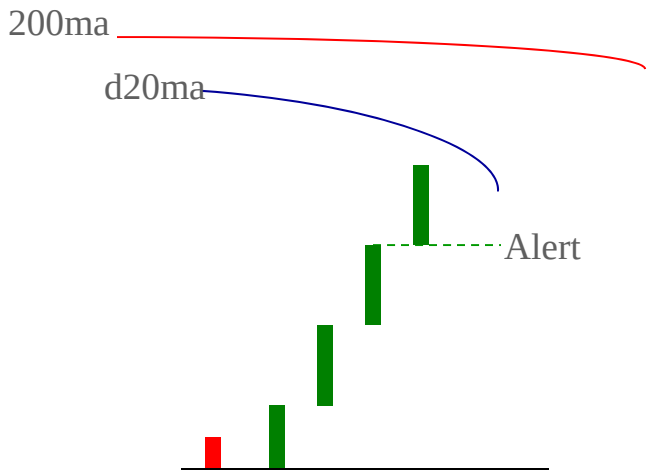
TRADE MANAGEMENT

1. Set minimum target at the 50% Retracement level. The secondary target is at or near the prior pivot low and the third is somewhere below the pivot low.
2. After a 2 bar decline, place a trailing stop .01 above each prior bar's high until a) objective is met; b) a bottoming tail forms; c) a wide range down bar forms; or d) a penetrating GBR.

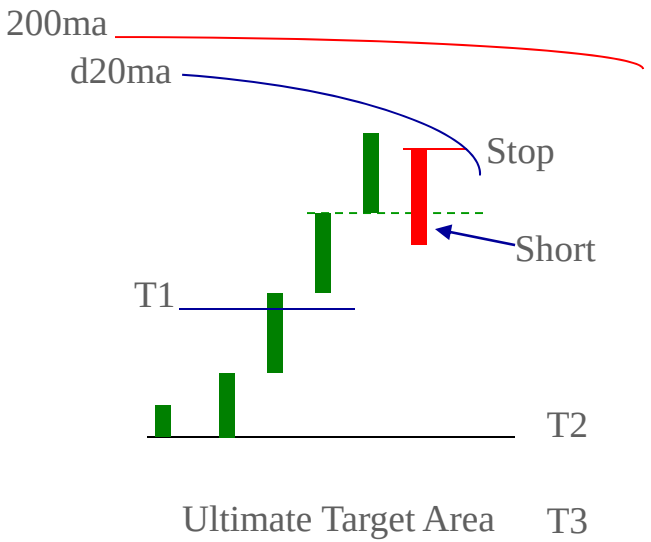
iFundTraders.com

iFund Traders
Sell/Short Tactic

1) **iFund Traders Sell Set-up: VSS** – This is the main sell set-up we use at iFund and it will represent anywhere from 65% to 80% of your shorts. It is comprised of only a few basic criteria and can be used in all time frames. To make it as a iFund Trader, this tactic *must* be mastered.



Pattern Set-up



Short Action

Trading Note: The location and time of occurrence of this main stay trading pattern are the major keys. The iFund Trader wants to essentially focus on the Sell Set-ups that occur at or near multiple support levels and key reversal times. The ones accompanied by NRBs are my personal favorite. We'll talk more about these as we move forward.

iFundTraders.com

iFund Traders
Sell Set-up **(VSS)**

Chart Courtesy of Realtick®

iFundTraders.com

iFund Traders
Sell Set-up **(VSS)**

The power of the 200ma is almighty, especially when it is flat, but that does not mean it won't ever be broken. In this case, the 200ma held firm only once. The 20ma overruled the 200ma's support.

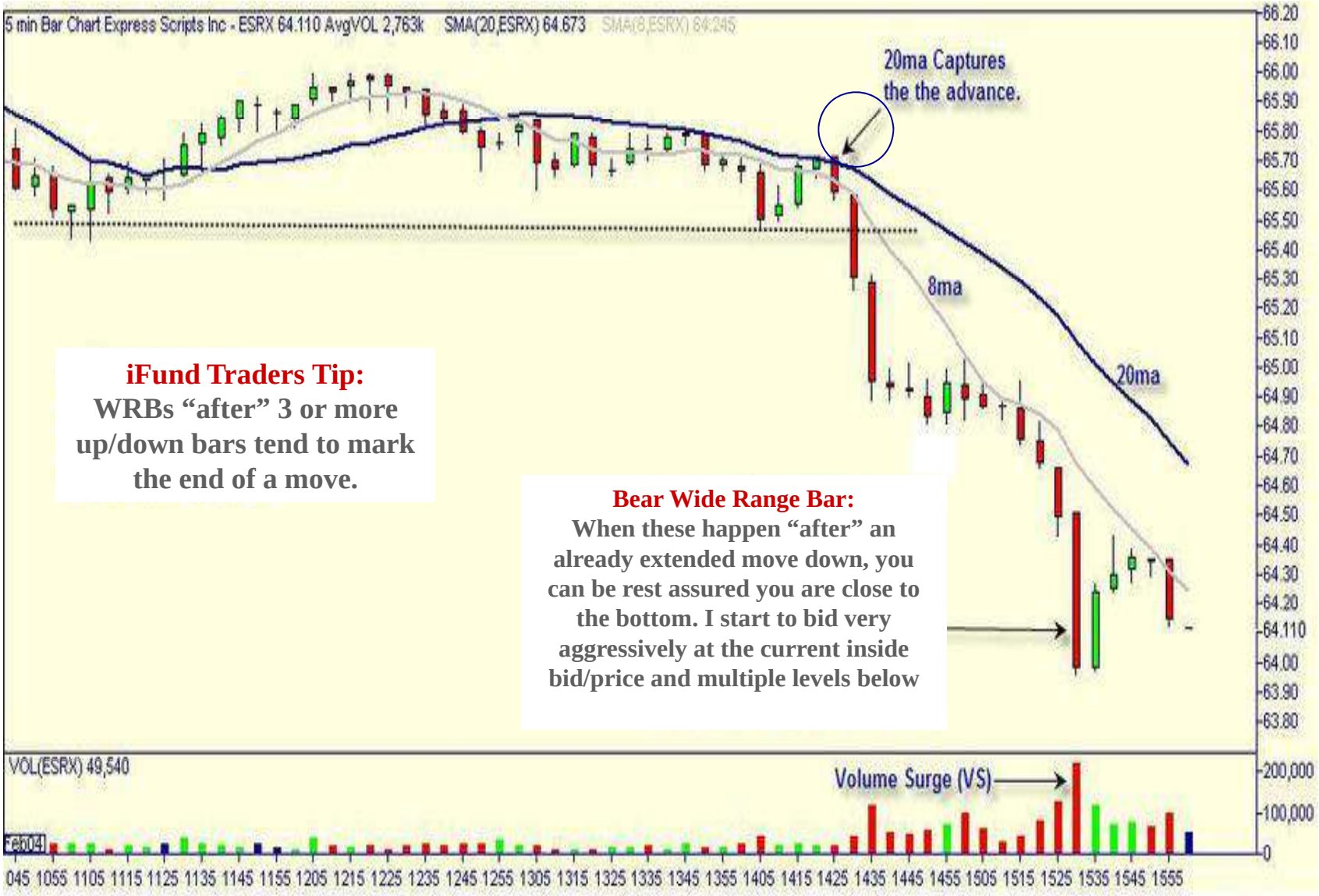
iFundTraders.com

iFund Traders Sell Set-up **(VSS)**

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Sell Set-up **(VSS)**



iFund Traders Tip:
WRBs "after" 3 or more up/down bars tend to mark the end of a move.

Bear Wide Range Bar:
When these happen "after" an already extended move down, you can be rest assured you are close to the bottom. I start to bid very aggressively at the current inside bid/price and multiple levels below

iFundTraders.com
Your path to professional trading starts here™

"THE GIFT"

iFundTraders.com

The "GIFT" Buy

The Gift Buy Zone

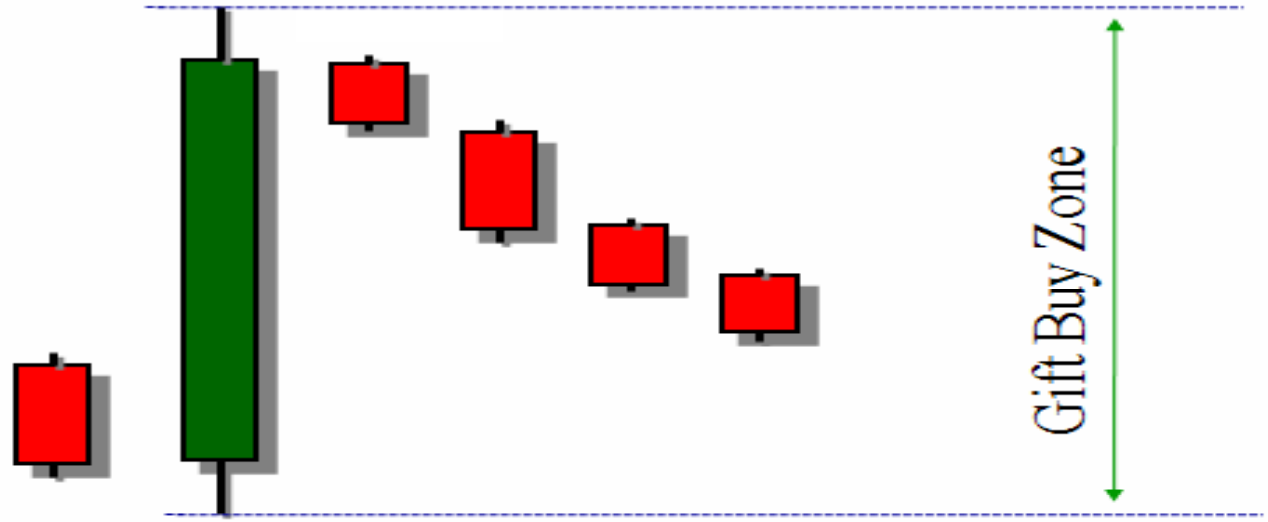
Tip: After a strong *Bar 1* surge, any and every decline back into the bar's range is a GIFT!

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The "GIFT" Buy

The Gift Buy Set-up



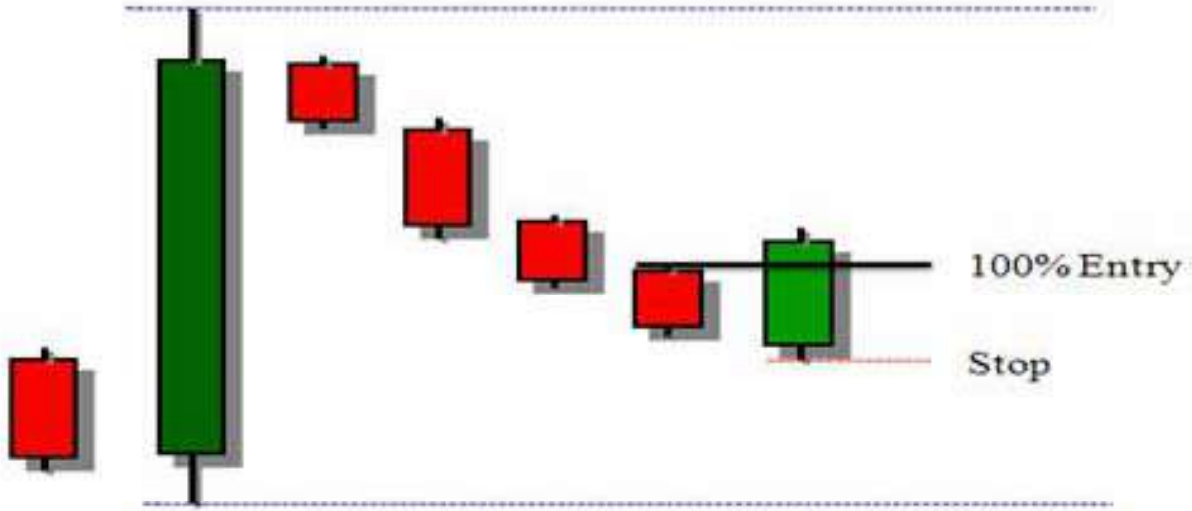
Tip: The number of bars that drift into the Gift Buy Zone does not matter. Any number will do. 1 to many is fine.

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The "GIFT" Buy

The Gift Buy Entry



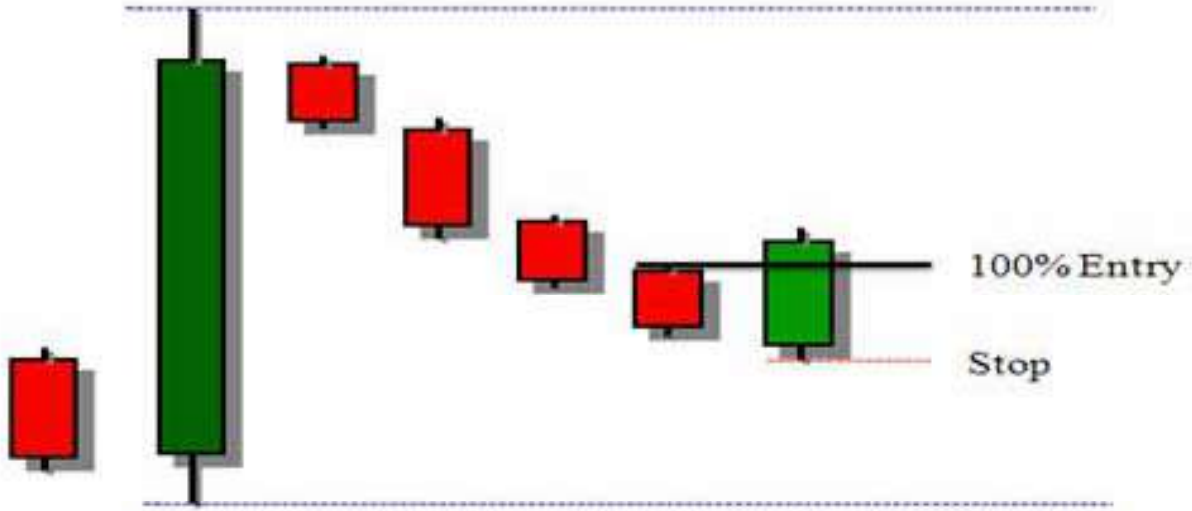
Tip: When a green bar wipes out 100% of a red bar inside the gift buy zone, STRIKE!

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The "GIFT" Buy

The Gift Buy Entry



Tip: When a green bar wipes out 100% of a red bar inside the gift buy zone, STRIKE!

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

Your path to professional trading starts here™

iFundTraders.com

The "GIFT" Buy

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The "GIFT" Sell

The Gift Sell Zone

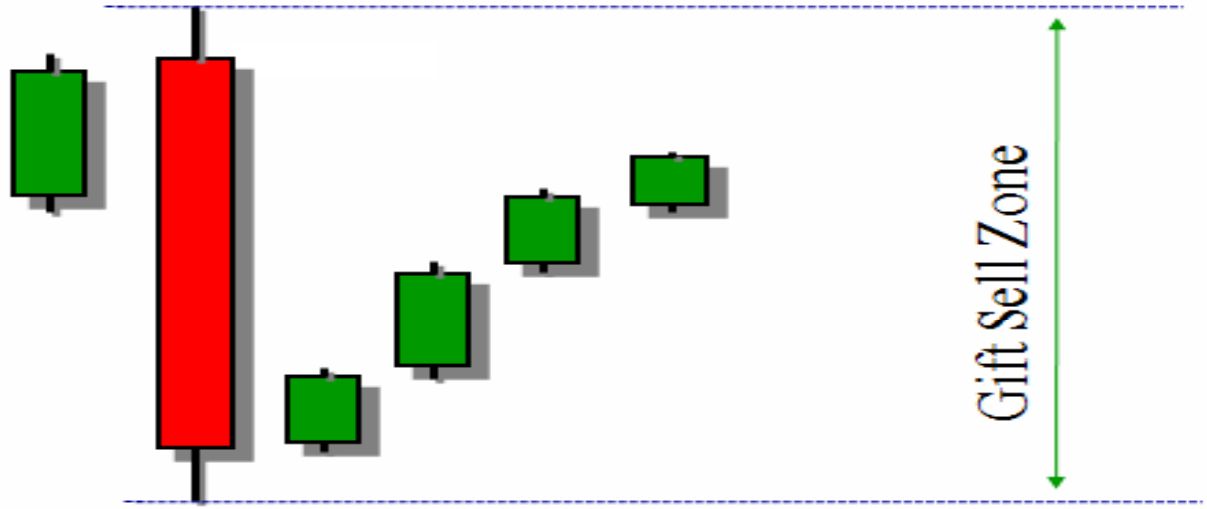
Tip: After a strong *Bar 6* decline, any and every rally back into the bar's range is a GIFT!

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The "GIFT" Sell

The Gift Sell Set-up



Tip: The number of bars that drift into the Gift Sell Zone does not matter. Any number will do. 1 to many is fine.

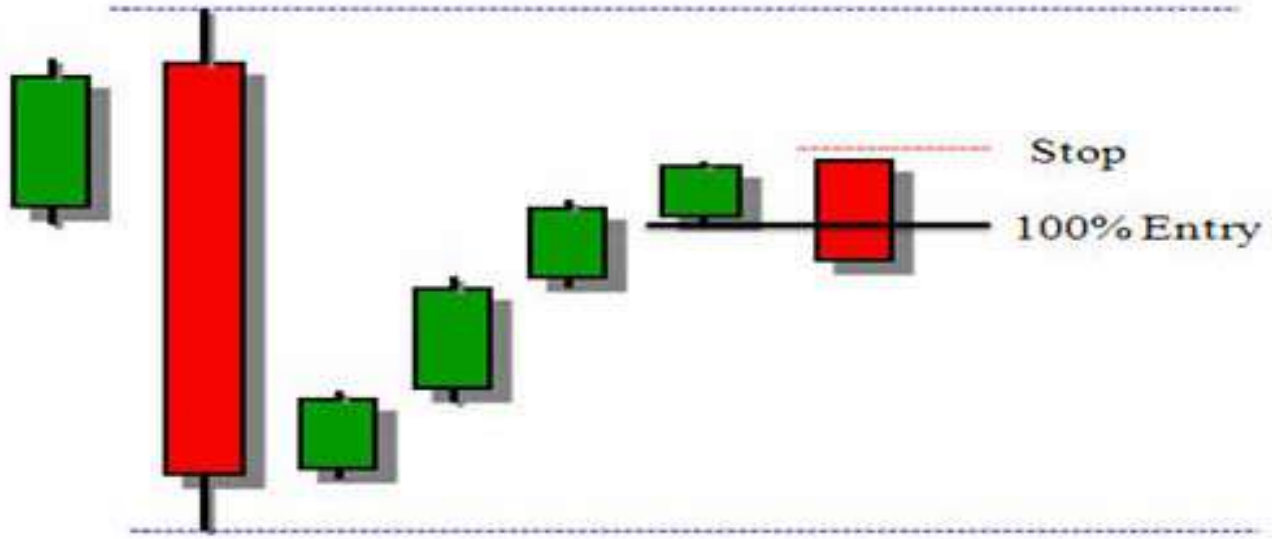
Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

Your path to professional trading starts here™

iFundTraders.com

The "GIFT" Sell

The Gift Sell Entry



Tip: When a red bar wipes out 100% of a green bar inside the gift sell zone, STRIKE!

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

Your path to professional trading starts here™

iFundTraders.com

The "GIFT" Sell

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

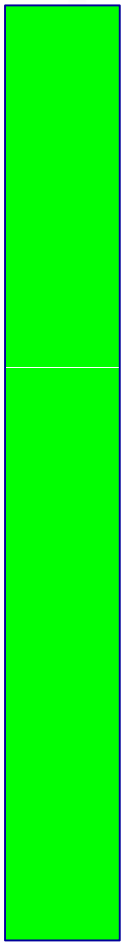
iFundTraders.com
Your path to professional trading starts here™

IGNITING BARS
THE MOMENTUM BUY
AND MOMENTUM SELL

"Do you know what you are supposed to do, and if so, do you actually do what you are supposed to do when you are supposed to do it?"
- Dr. Daniel Mielcarski

iFundTraders.com

The Momentum Buy



Once you have indentified an igniting bar, the momentum buy is made once the high of the igniting bar is cleared and a stop is placed under the low of the igniting bar.

The best igniting bars most closely resemble those with Absolute Control and also have a price void (empty space) above on the current time frame and the larger time frames.

In other words we do not want to buy right into the face of immediate or very near by resistance. In that instance it is better to wait for the resistance to be cleared and retested, as support, or cleared and another buy trigger forms to confirm the follow through of momentum.

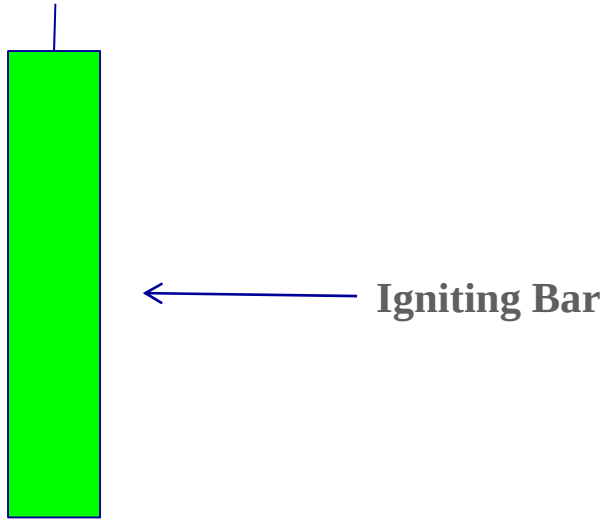
Only a one bar lift is needed to begin using a Bar-By-Bar trailing stop .

If a momentum bar is to be entered before completion, the TIF Rules (covered in the next section) must be followed

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

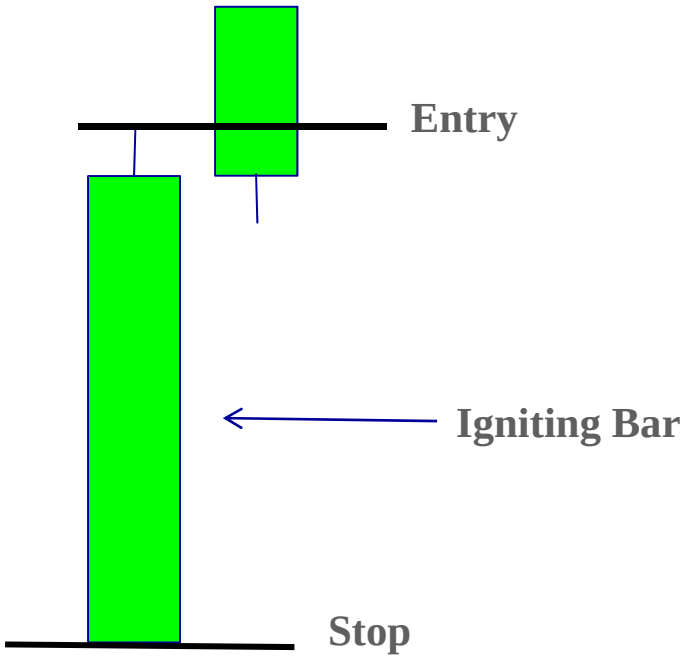
The Momentum Buy



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

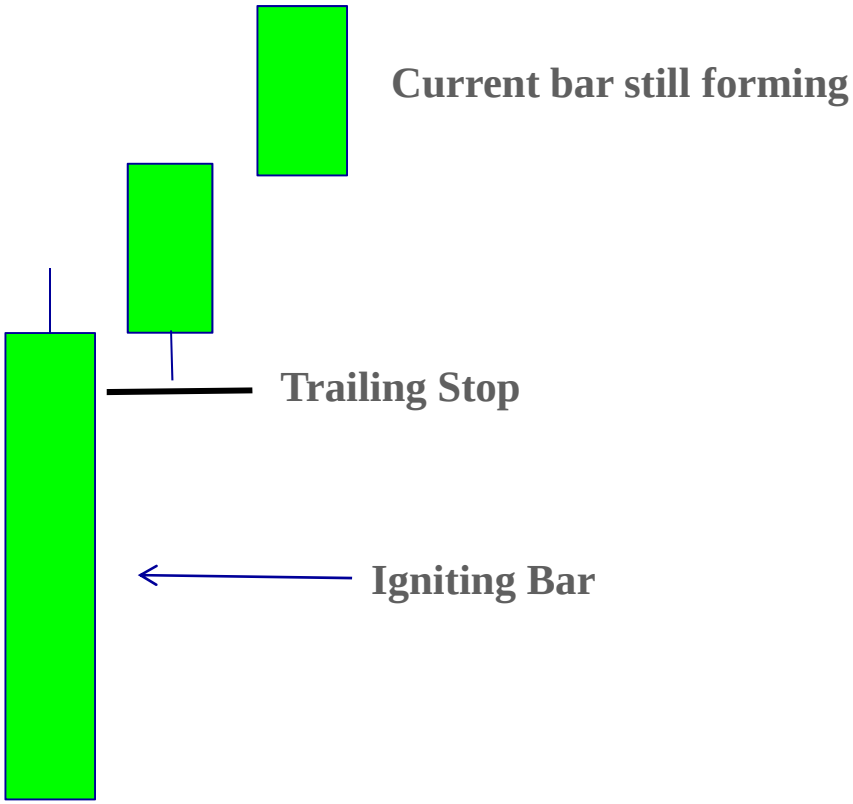
The Momentum Buy



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

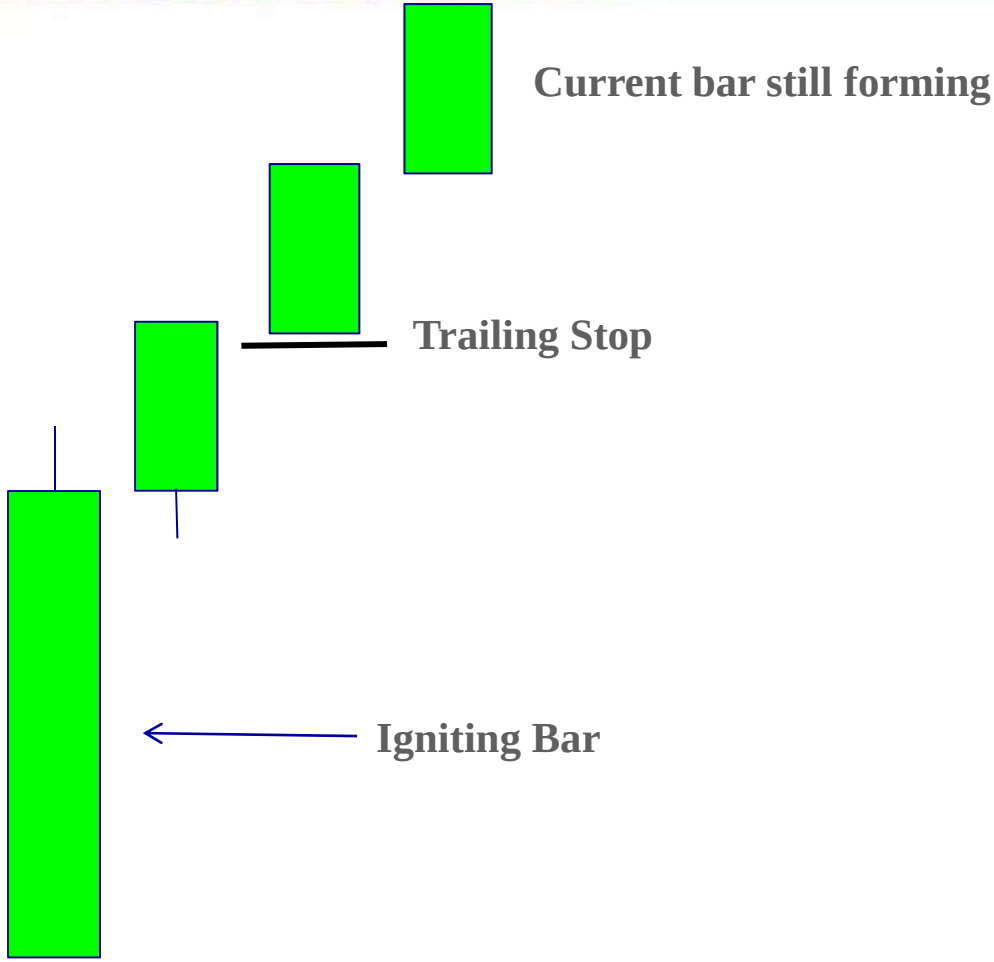
The Momentum Buy



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

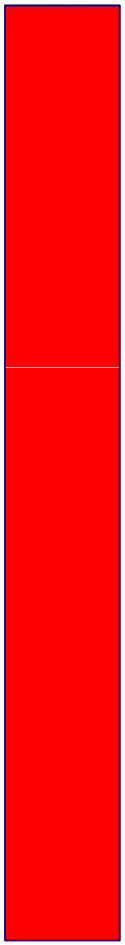
The Momentum Buy



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The Momentum Sell



Once you have indentified an igniting bar, the momentum sell is made once the low of the igniting bar is cleared and a stop is placed above the high of the igniting bar.

The best igniting bars most closely resemble those with Absolute Control and also have a price void (empty space) below on the current time frame and the larger time frames.

In other words we do not want to sell right into the face of immediate or very near by support. In that instance it is better to wait for the support to be cleared and retested, as resistance, or cleared and another sell trigger forms to confirm the follow through of momentum.

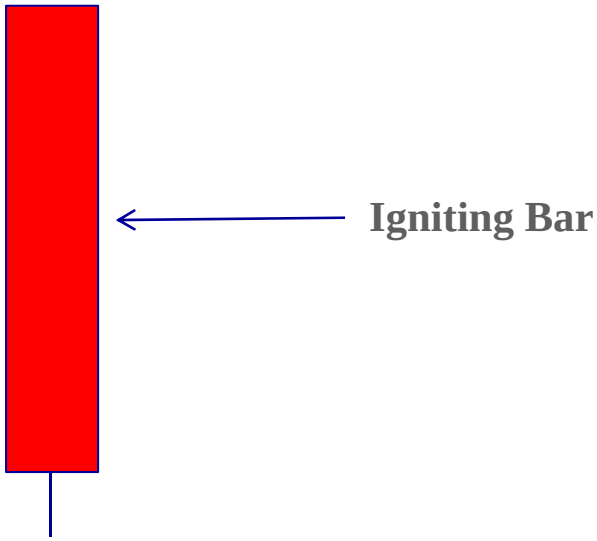
Only a one bar lift is needed to begin using a Bar-By-Bar trailing stop .

If a momentum bar is to be entered before completion, the TIF Rules (covered in the next section) must be followed

Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

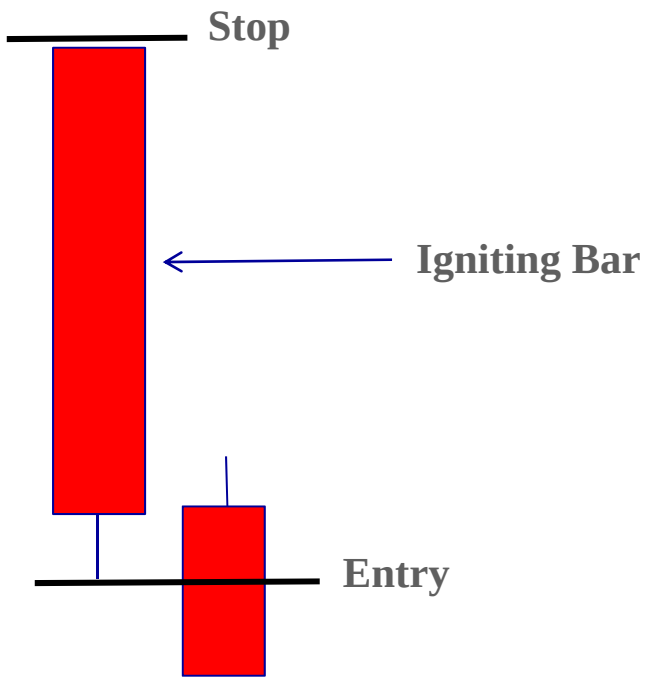
The Momentum Sell



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

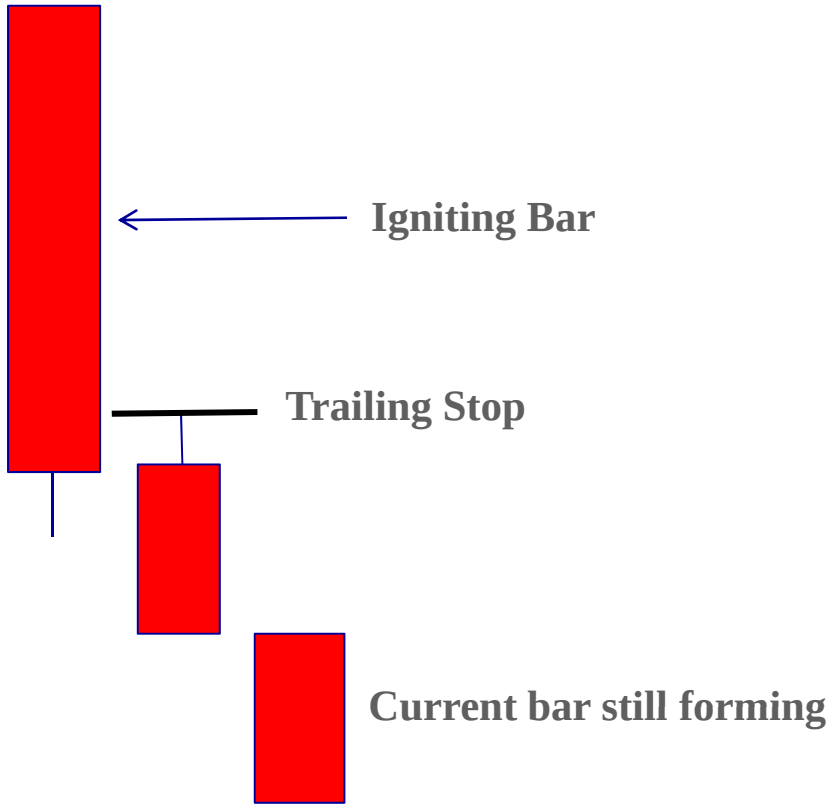
The Momentum Sell



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

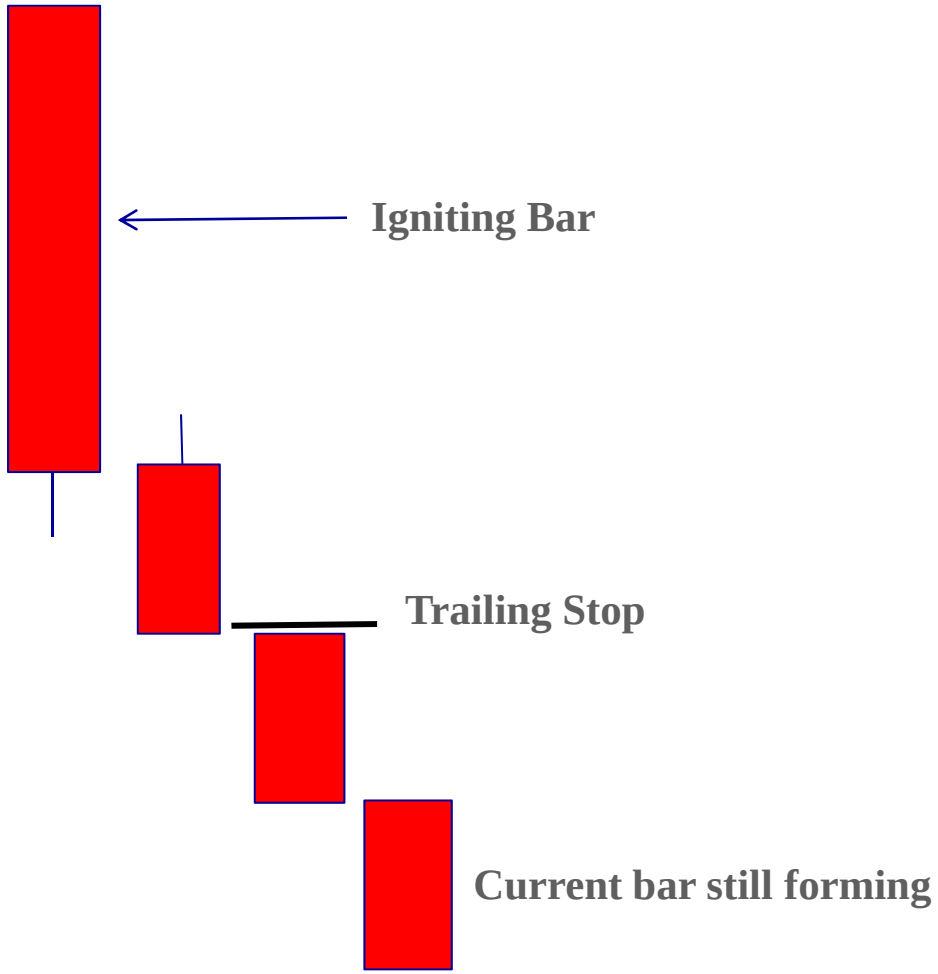
The Momentum Sell



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com

The Momentum Sell



Copyright © 2010 * iFundTraders, LLC. * 2576 Broadway, #158, NY, NY, 10025

iFundTraders.com
Your path to professional trading starts here™

"iFund Traders Reversal Signs"

Bottoming Signals & Topping Signals

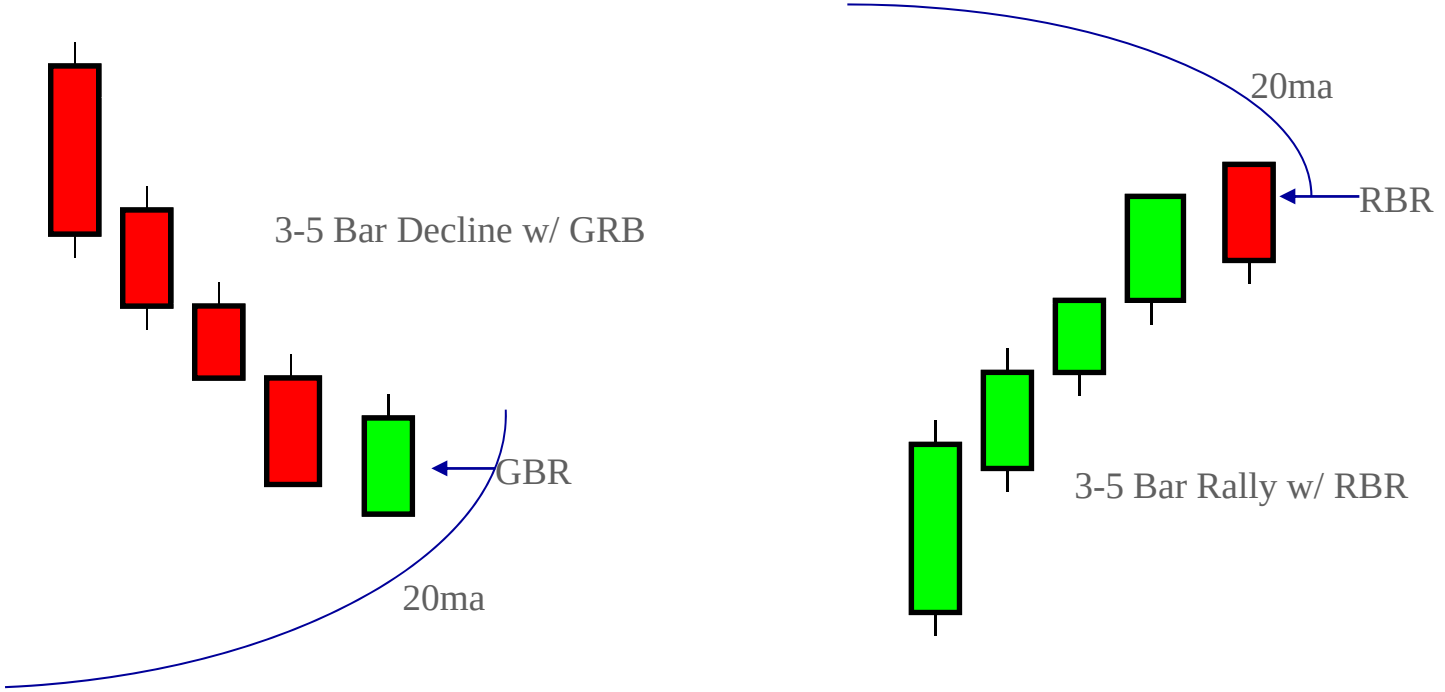
CHAPTER 13

"I learned very early on that brokers are always wrong; analysts are always wrong; and clients are always wrong. But the tape is never wrong."
- Jesse Livermore

iFundTraders.com

Green Bar Reversal (GBR) & Red Bar Reversal (RBR)

1) Green Bar Reversal **(GBR)** – This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred. Tip: **Whenever a GBR forms after a steady 3 to 5 bar decline, the odds of a bottom are greatly increased. iFund Traders would look to Buy the green bar if and when it retraces the prior red bar and/or when the high of the green bar is violated on the next bar, or the very next time a previous bar's high is violated. Stops are placed just below the entry bar's or prior bar's low.**

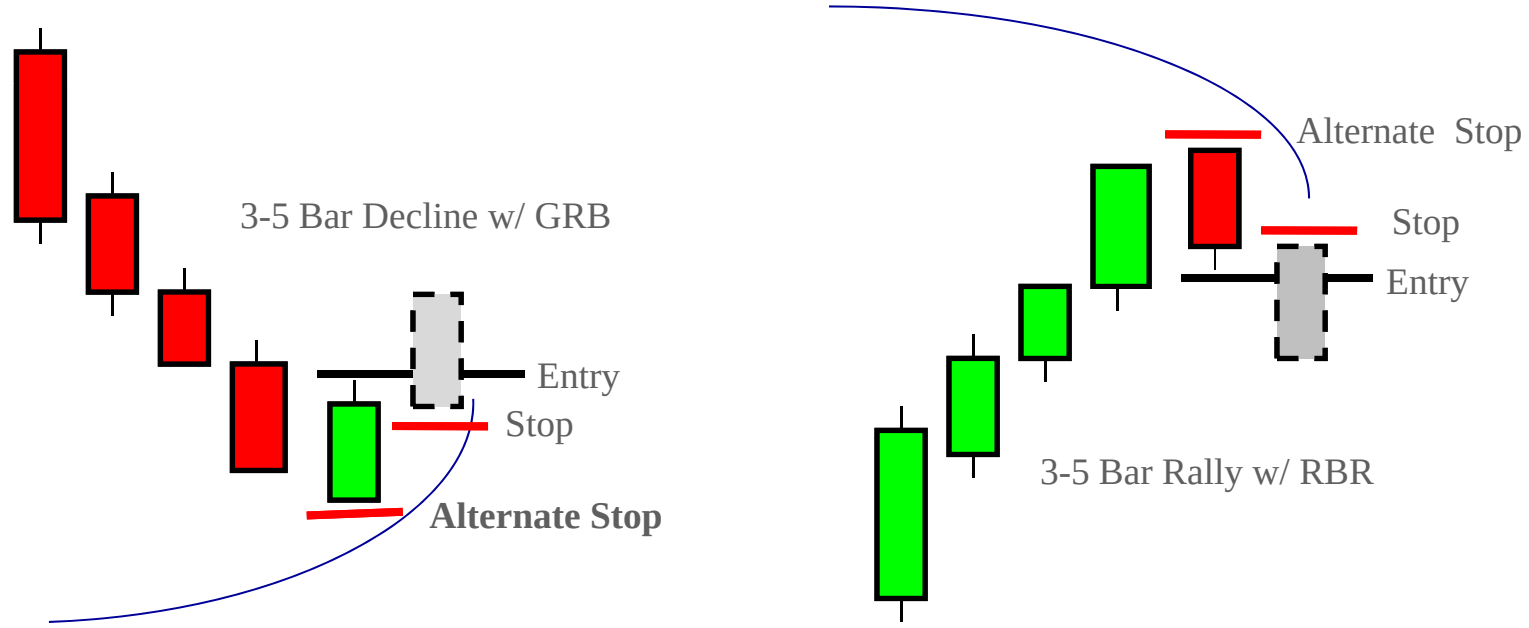


2) Red Bar Reversal **(RBR)** – This topping sign is one of the most obvious in existence from the sell side. Tip: Whenever a **RBR** forms after a steady 3 to 5 bar **Rally**, the odds of a top are greatly increased. iFund Traders would look to **Short** the red bar if and when it retraces the prior green bar, and/or when the low of the red bar is violated by the next bar, or the very next time a previous bar's low is violated. Stops are placed above the entry bar's or prior bars high.

iFundTraders.com

Green Bar Reversal (GBR) & Red Bar Reversal (RBR)

1) Green Bar Reversal **(GBR) –** This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred. Tip: **Whenever a GBR forms after a steady 3 to 5 bar decline, the odds of a bottom are greatly increased. iFund Traders would look to Buy the green bar if and when it retraces the prior red bar and/or when the high of the green bar is violated on the next bar, or the very next time a previous bar's high is violated. Stops are placed just below the entry bar's or prior bar's low.**

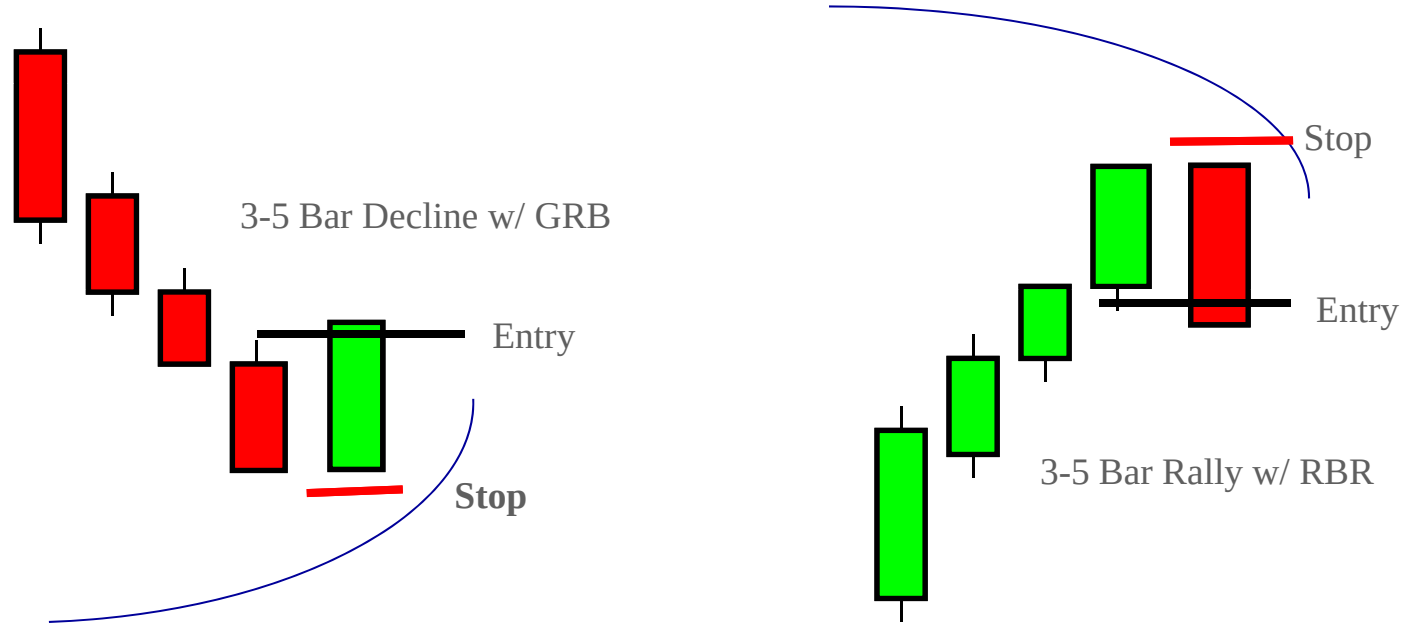


2) Red Bar Reversal **(RBR) –** This topping sign is one of the most obvious in existence from the sell side. Tip: Whenever a **RBR** forms after a steady 3 to 5 bar **Rally**, the odds of a top are greatly increased. iFund Traders would look to **Short** the red bar if and when it retraces the prior green bar, and/or when the low of the red bar is violated by the next bar, or the very next time a previous bar's low is violated. Stops are placed above the entry bar's or prior bars high.

iFundTraders.com

(GBR) & (RBR) as TRIGGERS

1) Green Bar Reversal **(GBR) –** This bottoming sign is one of the most obvious in existence, as the change in power from the bears back to the bulls has already fully occurred. Tip: **Whenever a GBR forms after a steady 3 to 5 bar decline, the odds of a bottom are greatly increased. iFund Traders would look to Buy the green bar if and when it retraces the prior red bar and/or when the high of the green bar is violated on the next bar, or the very next time a previous bar's high is violated. Stops are placed just below the entry bar's or prior bar's low.**



2) Red Bar Reversal **(RBR) –** This topping sign is one of the most obvious in existence from the sell side. Tip: Whenever a **RBR** forms after a steady 3 to 5 bar **Rally**, the odds of a top are greatly increased. iFund Traders would look to **Short** the red bar if and when it retraces the prior green bar, and/or when the low of the red bar is violated by the next bar, or the very next time a previous bar's low is violated. Stops are placed above the entry bar's or prior bars high.

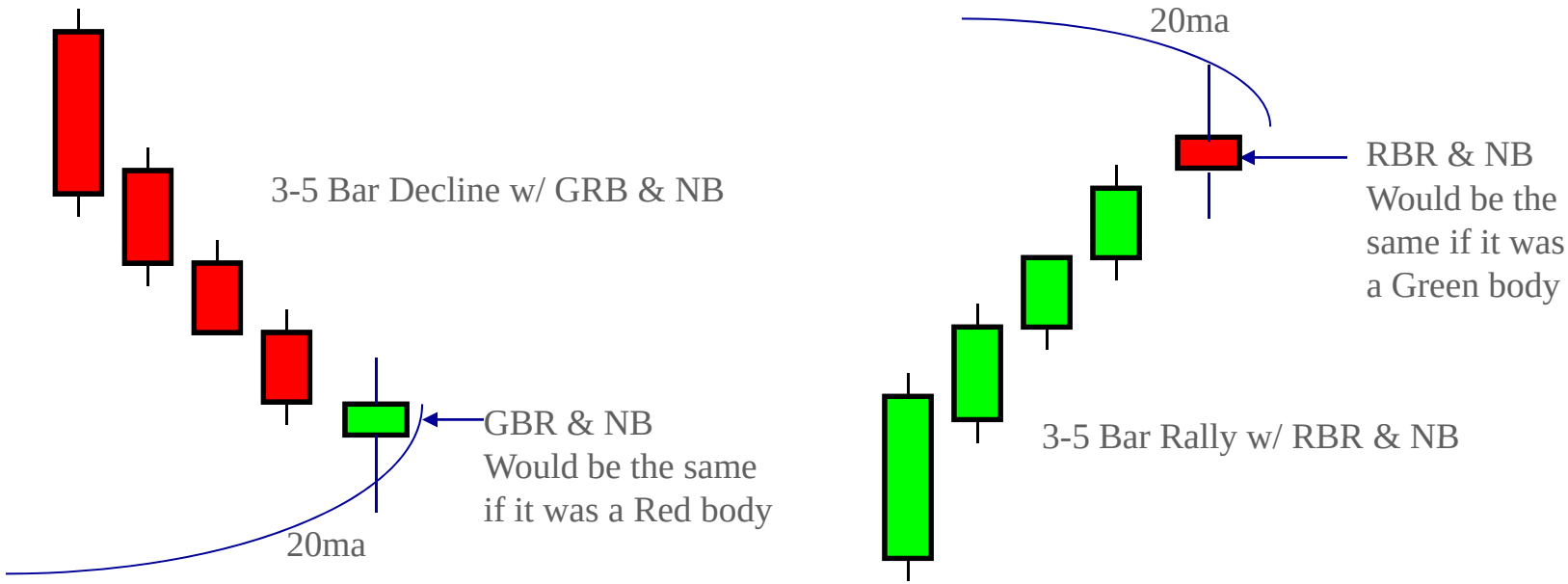
iFundTraders.com

VBS w/ GBR

iFundTraders.com

Narrow Body (NB)

1) Narrow Body Bottom (NBB) – This bar, as a bottoming sign is not quite a potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete. Tip: **Whenever a NB forms after a steady 3 to 5 bar Decline, the odds of a Rally are increased. iFund Traders would look to Buy the very next time a previous bar's high is violated. Stops are always placed just below the entry bar or the prior bar's low.**

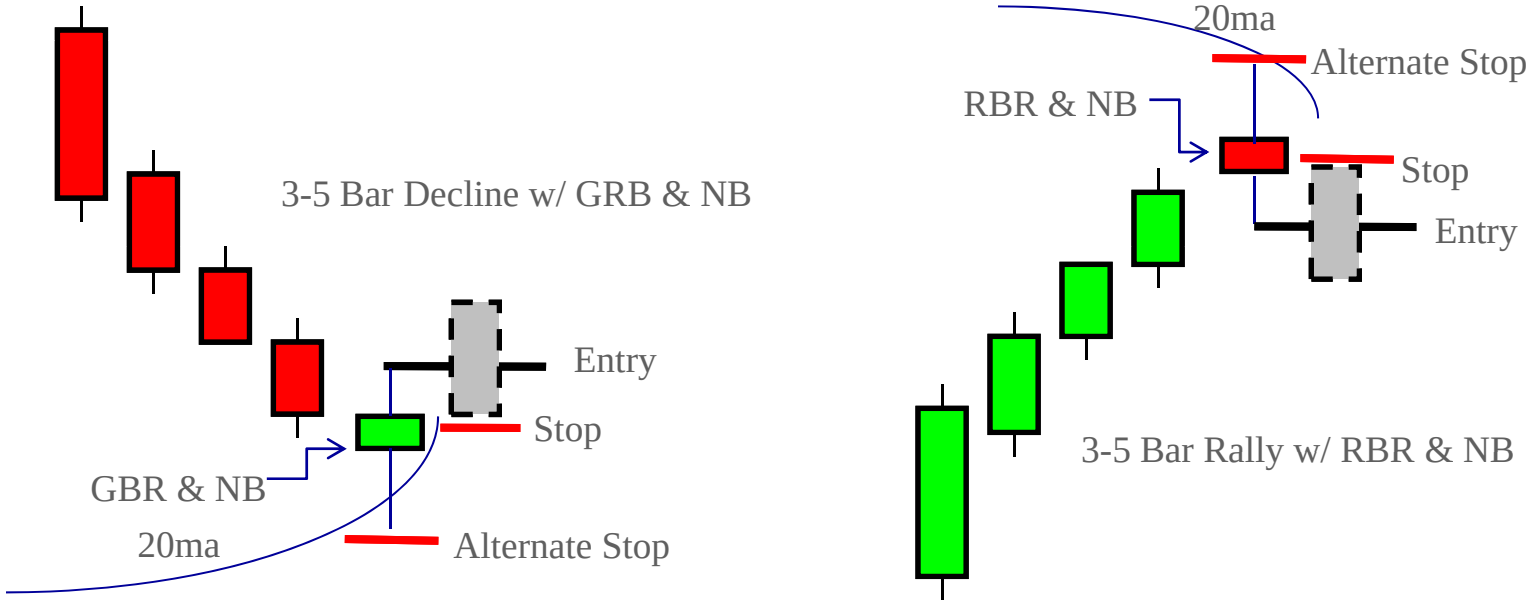


2) Narrow Body Top (NBT) – This bar, as a topping sign is not quite as potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete. Tip: **Whenever a NB forms after a steady 3 to 5 bar Rally, the odds of a Decline are increased. iFund Traders would look to Short the very next time a previous bar's low is violated. Stops are always placed just above the entry bar or the prior bar's high.**

iFundTraders.com

Narrow Body (NB)

1) Narrow Body Bottom (NBB) – This bar, as a bottoming sign is not quite a potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete. Tip: **Whenever a NB forms after a steady 3 to 5 bar Decline, the odds of a Rally are increased. iFund Traders would look to Buy the very next time a previous bar's high is violated. Stops are always placed just below the entry bar or prior bar's low.**

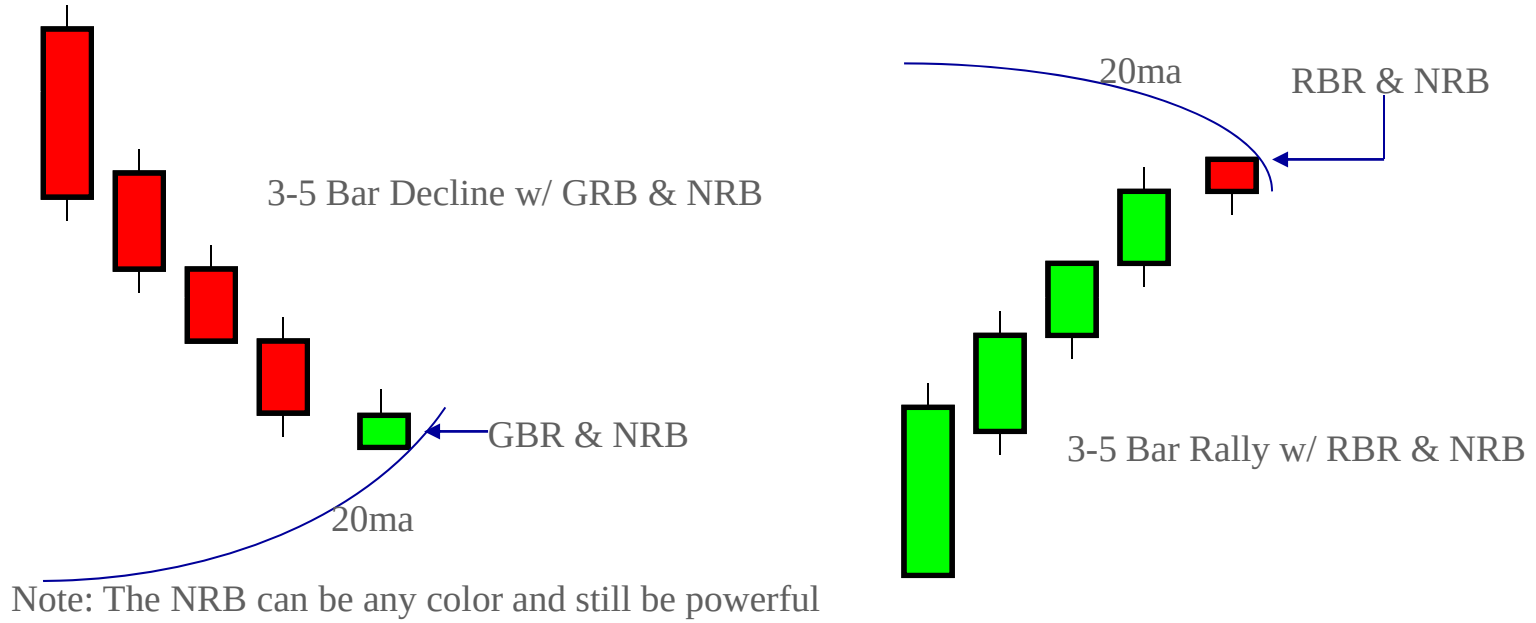


2) Narrow Body Top (NBT) – This bar, as a topping sign is not quite as potent as its former brother, but it's significant enough to take notice when it does form. The narrow nature of the colored part of the bar (either green or red) signifies that a change or shift in the balance of power is nearly complete. Tip: **Whenever a NBT forms after a steady 3 to 5 bar Rally, the odds of a Decline are increased. iFund Traders would look to Short the very next time a previous bar's low is violated. Stops are always placed just above the entry bar or prior bar's high.**

iFundTraders.com

Narrow Range Bar (NRB)

1) Narrow Range Bottoming Bar **(NRB)** – This bottoming sign is one of my personal favorites. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The NRB makes for very tight stops. **Secondly, the market's biggest moves tend to ignite from its smallest bars.** Remember this. Tip: **Whenever a NRB forms after a steady 3 to 5 bar Decline, the odds of an explosive rally are greatly increased. iFund Traders would look to buy the very next time a previous bar's high is violated. Stops are placed just below the low of the NRB.**



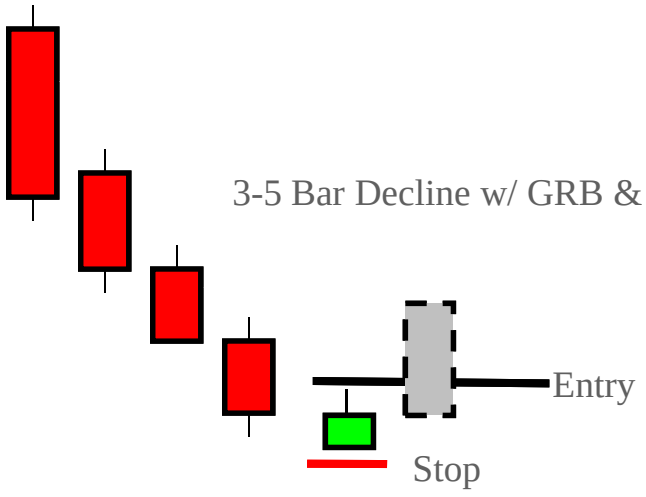
Note: The NRB can be any color and still be powerful

2) Narrow Range Topping Bar **(NRB)** – This topping sign is one of my personal favorite. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The NRB makes for very tight stops. **Secondly, the market's biggest moves tend to ignite from its smallest bars.** Remember this. Tip: **Whenever a NRB forms after a steady 3 to 5 bar Rally, the odds of a violent decline are greatly increased. iFund Traders would look to Short the very next time a previous bar's low is violated. Stops are always placed just above the high of the NRB.**

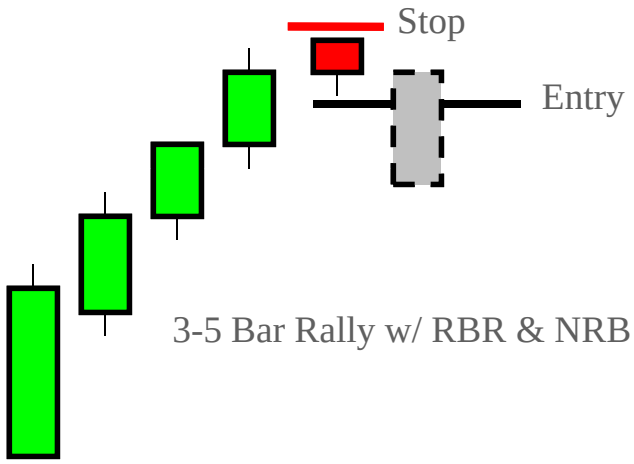
iFundTraders.com

Narrow Range Bar (NRB)

1) Narrow Range Bottoming Bar **(NRB) –** This bottoming sign is one of my personal favorites. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The **NRB** makes for very tight stops. **Secondly, the market's biggest moves tend to ignite from its smallest bars.** Remember this. Tip: **Whenever a NRB forms after a steady 3 to 5 bar Decline, the odds of an explosive Rally are greatly increased. iFund Traders would look to Buy the very next time a previous bar's high is violated. Stops are always placed just under the low of the NRB.**



Note: The NRB can be any color and still be powerful



2) Narrow Range Topping Bar **(NRB) –** This topping sign is one of my personal favorite. Firstly, the narrow range nature of the bar makes for the lowest risk possible with this trade. The NRB makes for very tight stops. **Secondly, the market's biggest moves tend to ignite from its smallest bars.** Remember this. Tip: **Whenever a NRB forms after a steady 3 to 5 bar Rally the odds of a violent Decline are greatly increased. iFund Traders would look to Short the very next time a previous bar's low is violated. Stops are always placed just above the high of the NRB.**

iFundTraders.com
Your path to professional trading starts here™

"Velez Market Law #5
NRB

CHAPTER 14

"If you think education is expensive, try ignorance."
- Unknown

iFundTraders.com

Velez Market Law #5

Market Law # 5:

The markets biggest moves ignite from its smallest (tiniest) bars.

Different ways to communicate the law:

1) Explosive moves almost always originate from narrow range bars.

2) The market is a breathing mechanism. It inhales (contracts) and exhales (expands). When it inhales (contracts) deeply, a major exhale (expansion) will be the result. Narrow range bars (NRBs) are the sign of a deep inhale. A major exhale usually is the result.

3) A cluster of small bars signifies the *calm before the storm*, the sleep before the awakening.

4) The iFund Traders Trader will look to commit more to trades that involve NRBs. The combination of lower risk and bigger potential reward warrants it.

iFundTraders.com

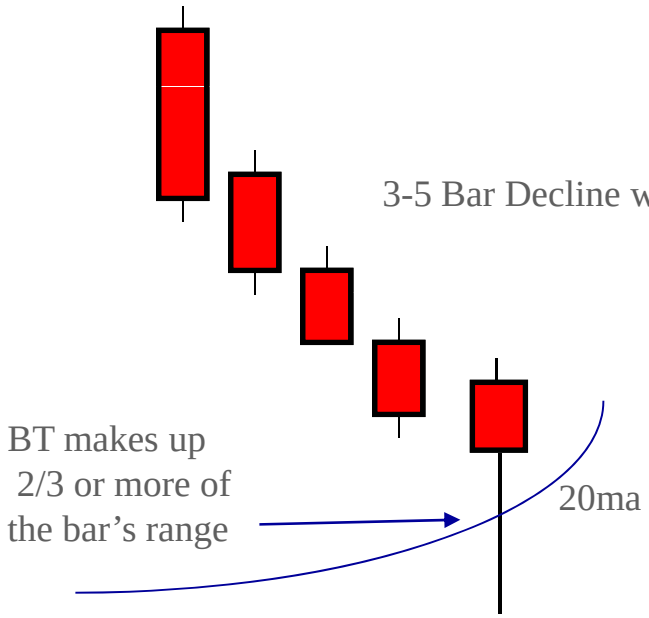
VSS @ 20ma w/ NRB

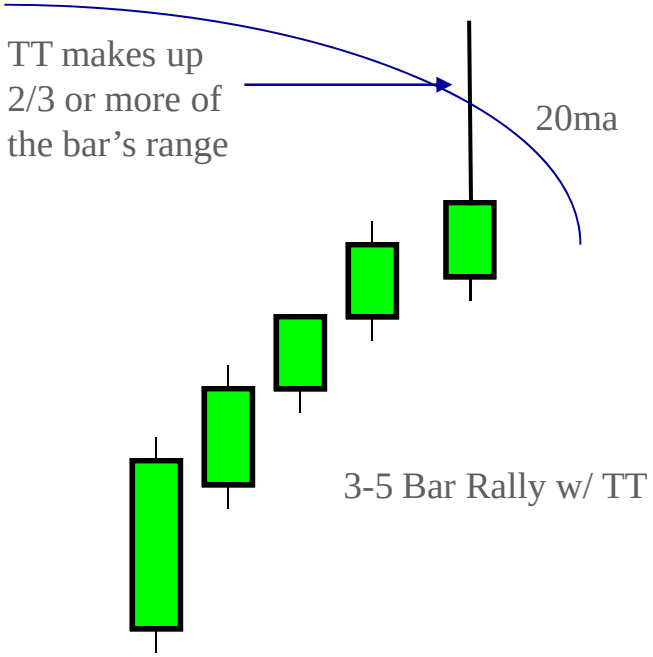
Chart Courtesy of Realtick®

iFundTraders.com

Bottoming Tail (BT) & Topping Tail (TT)

1) Bottoming Tail (BT) – This bottoming sign is one of the most compelling in existence. Whenever a BT forms **after** a steady 3 to 5 bar decline, a bottom is almost eminent. iFund Traders would look to buy if the tail represents 2/3 or more of the bar's range and/or the very next time a previous bar's high is violated.



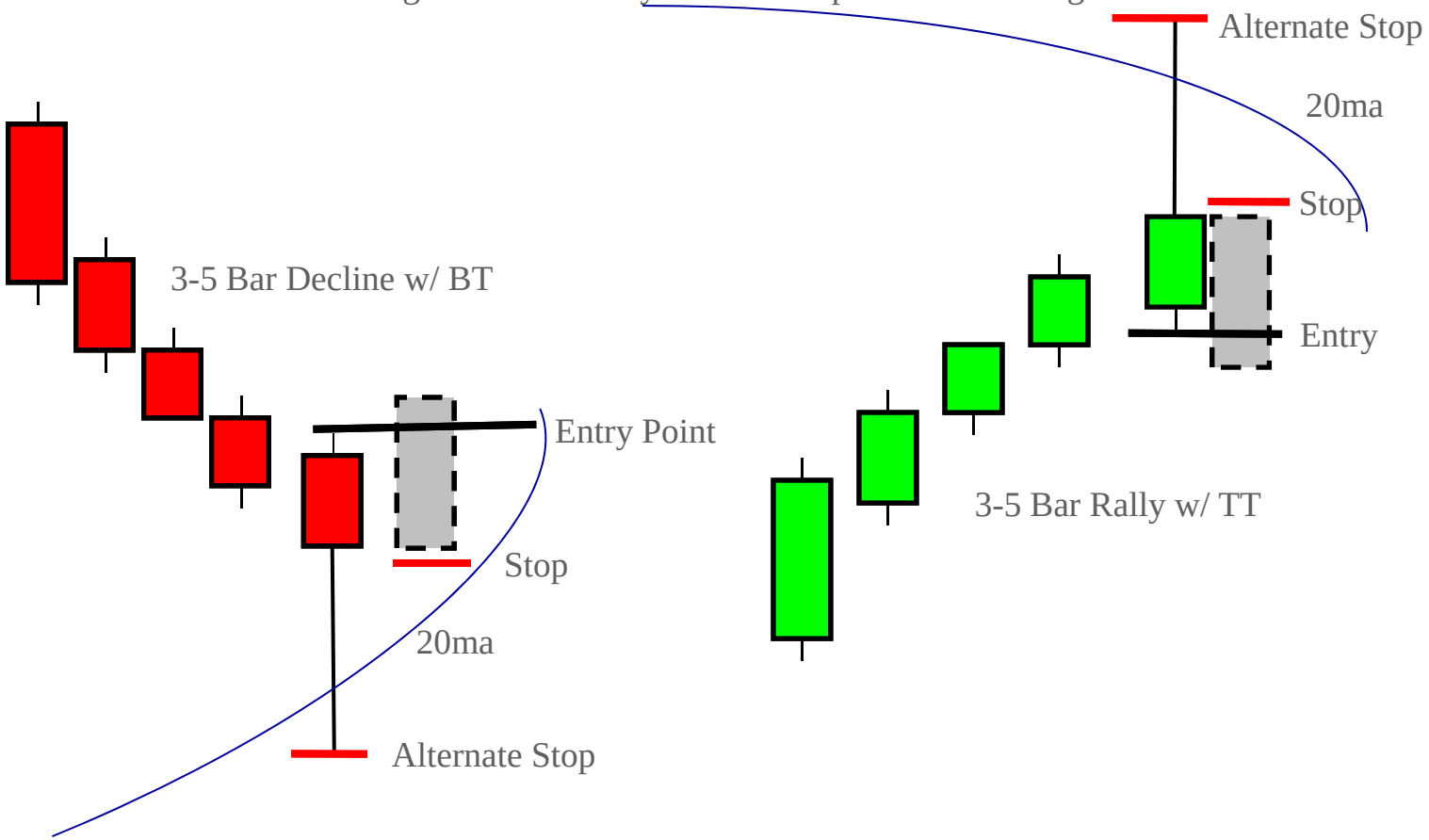


2) Topping Tail (TT) – This topping sign is one of the most compelling in existence from the sell side. Whenever a TT forms **after** a steady 3 to 5 bar rally, a top is almost eminent. iFund Traders would look to short if the tail represents 2/3 of the bar's range and/or the very next time a previous bar's low is violated.

iFundTraders.com

Bottoming Tail (BT) & Topping Tail (TT)

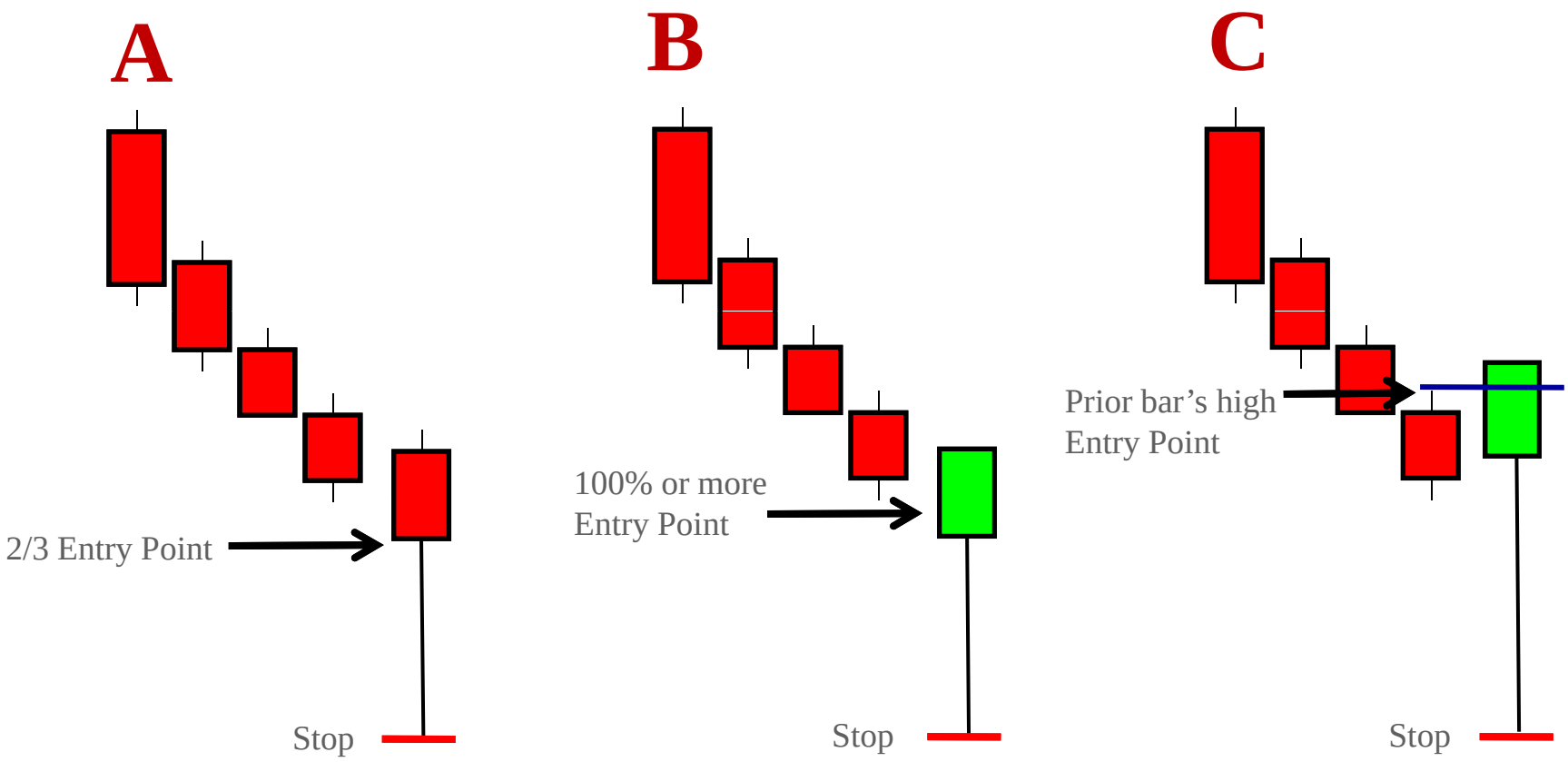
1) Bottoming Tail (BT) – This bottoming sign is one of the most compelling in existence. Whenever a BT forms **after** a steady 3 to 5 bar decline, a bottom is almost eminent. iFund Traders would look to buy if the tail represents 2/3 or more of the bar's range and/or the very next time a previous bar's high is violated.



2) Topping Tail (TT) – This topping sign is one of the most compelling in existence from the sell side. Whenever a TT forms **after** a steady 3 to 5 bar rally, a top is almost eminent. iFund Traders would look to short if the tail represents 2/3 of the bar's range and/or the very next time a previous bar's low is violated.

iFundTraders.com

Playing (BT) as a TRIGGER

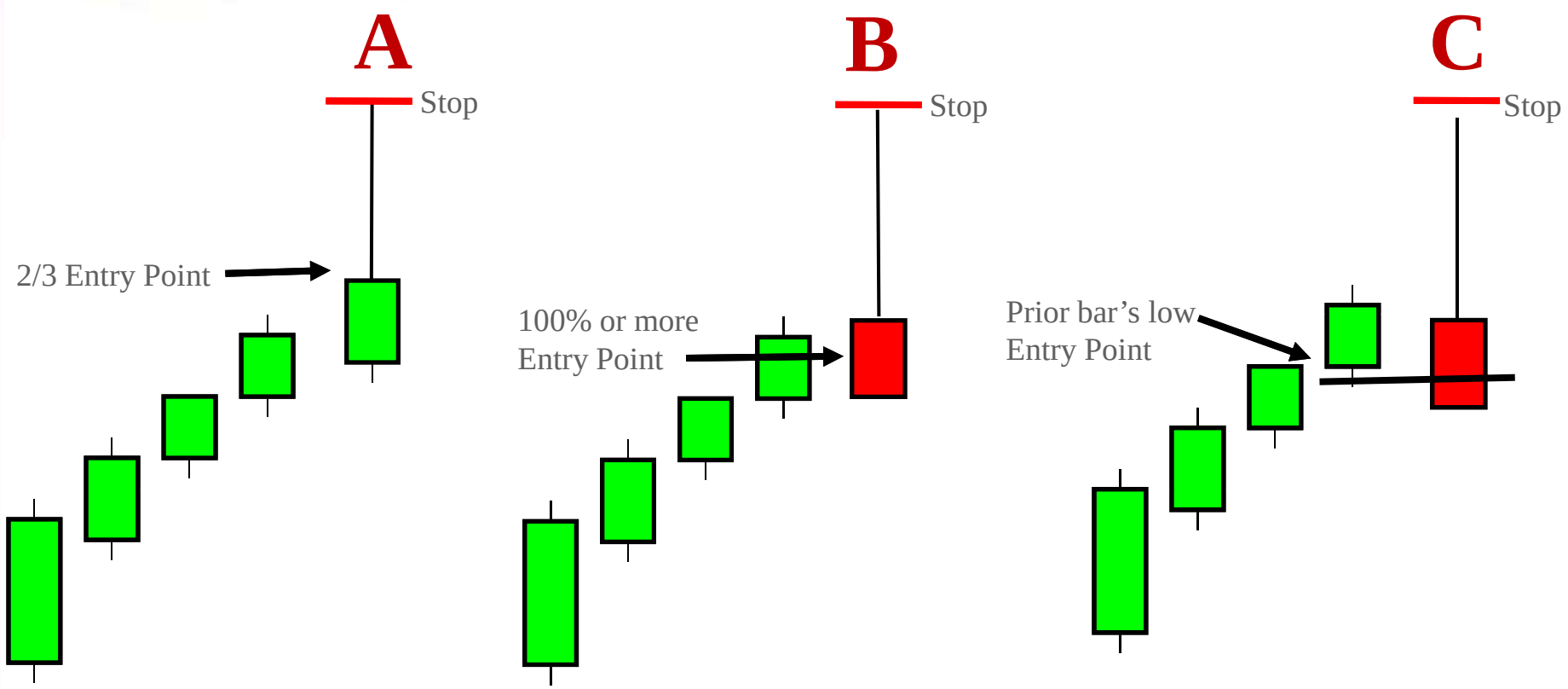


Examples A and B : When the BT bar is going to be used as a trigger and is somewhere in formation between the 2/3 retracement up to and including 100% or more retracement, but has not yet cleared the prior bar's high the rules for TIME IN FORMATION must be followed.

Example C : When the BT has cleared a prior bar's high the rules for TIME IN FORMATION can be ignored

iFundTraders.com

Playing (TT) as a TRIGGER



Examples A and B : When the TT bar is going to be used as a trigger and is somewhere in formation between the 2/3 retracement up to and including 100% or more retracement, but has not yet cleared the prior bar's low, the rules for TIME IN FORMATION must be followed.

Example C : When the BT has cleared a prior bar's low the rules for TIME IN FORMATION can be ignored

iFundTraders.com

TIME IN FORMATION (TIF)

One Minute – There is no early entry for TIF, the bar must be completed

Two Minute – There is no early entry for TIF, the bar must be completed

Five Minute – The bar must be 4:52 or more before a TIF entry can be taken

Fifteen Minute - The bar must be 14:30 or more before a TIF entry can be taken

Sixty Minute – The bar must be 57:00 or more before a TIF entry can be taken

iFundTraders.com

VBS with BT

The flat 200 ma offers iFund Traders some of the most reliable opportunities in existence. When the 200 ma is flat, its power as support or resistance is unrivaled. Note the BT on the VBS.

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

The Power of the BT

This chart demonstrates the power of the bottoming tail (BT), even in the midst of a strong downtrend. Later in the course, you will come to learn that this set-up is a near perfect countertrend CLIMATIC DECLINE **BUY**.

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

The Power of the BT

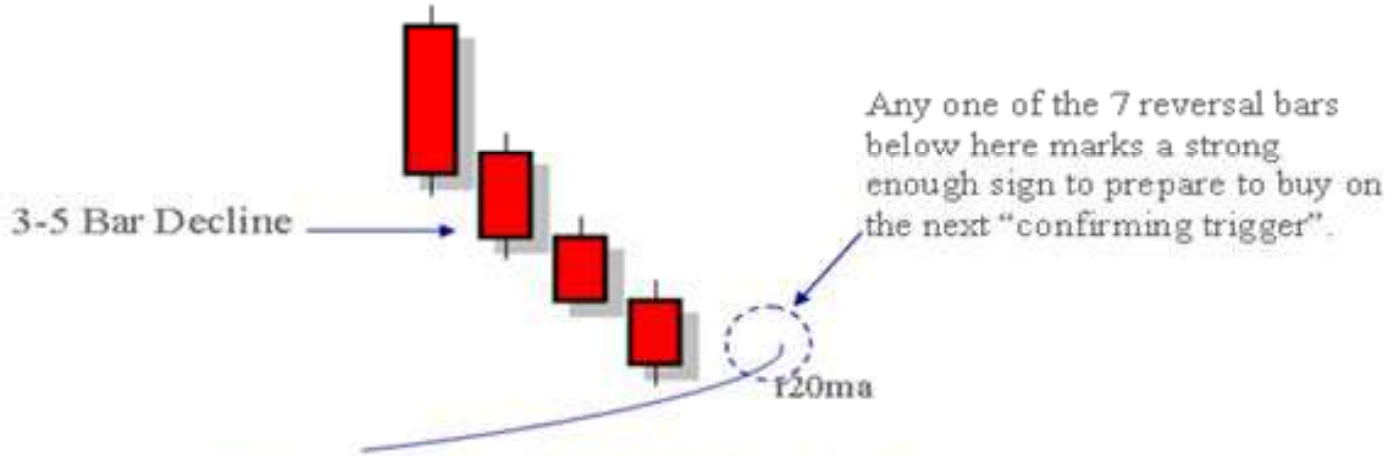
iFundTraders.com

Bottoming & Topping Tails

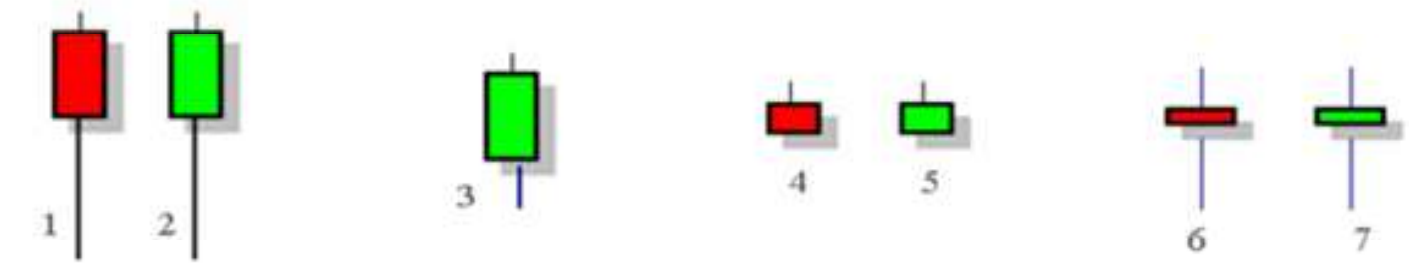
Tails are powerful no matter what trend they occur in; however, playing them in sync with the current trend makes for extraordinary "high-odds" trading.

iFundTraders.com

7 Buy Reversal Signs


3-5 Bar Decline
Any one of the 7 reversal bars below here marks a strong enough sign to prepare to buy on the next "confirming trigger".
t20ma

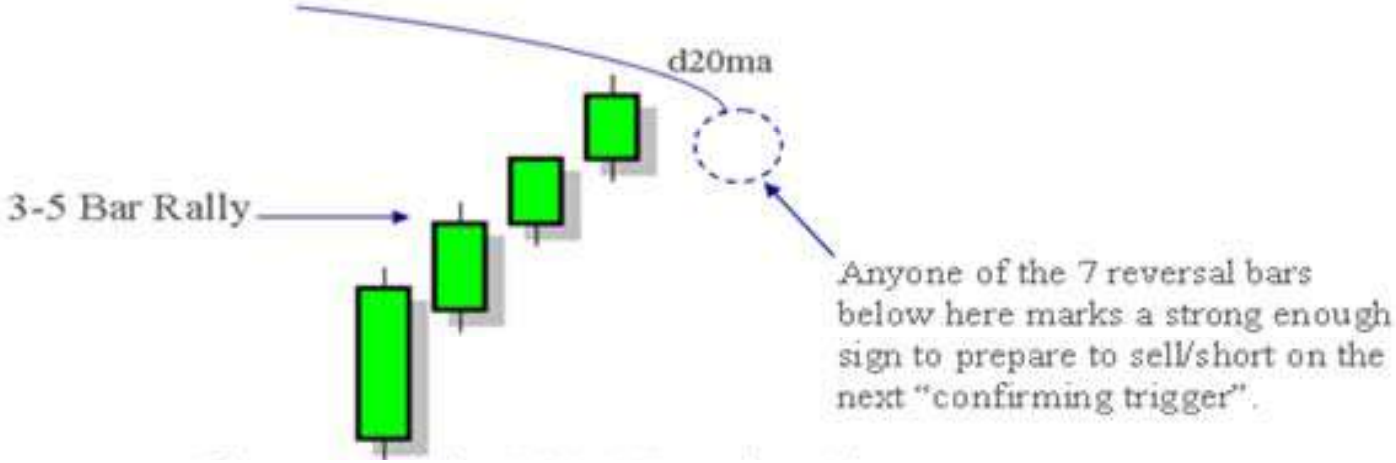
Plus any of the iFund Traders Bottoming Signs:



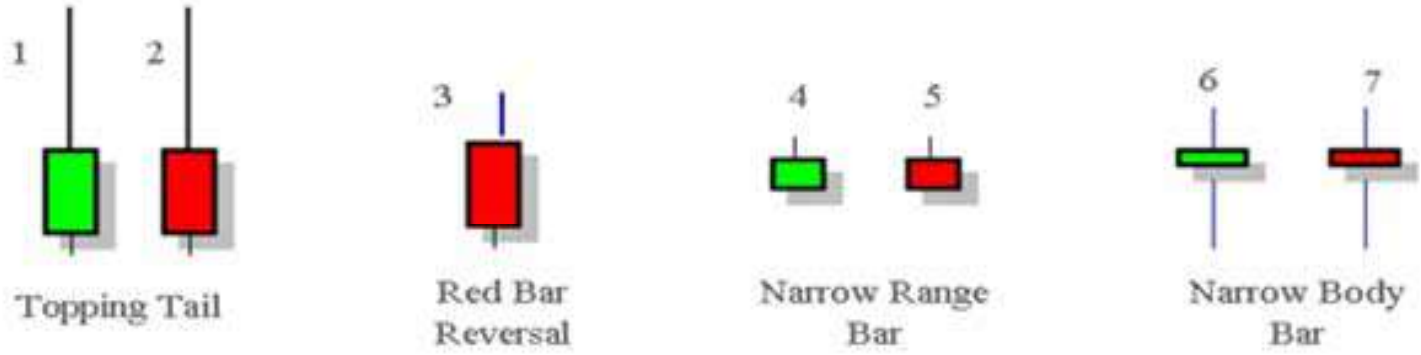
iFund Traders will only buy a 3 to 5 bar dip if its accompanied by one of the 7 major reversal signs. Each of the above reversal signs signifies that the bears, who were in control during the 3 to 5 bar decline, have just lost it to the bulls. In other words, a major shift in the balance of power has occurred if any one of these signs follows a 3 to 5 bar decline.

iFundTraders.com

7 Sell Reversal Signs


d20ma
3-5 Bar Rally
Anyone of the 7 reversal bars below here marks a strong enough sign to prepare to sell/short on the next "confirming trigger".

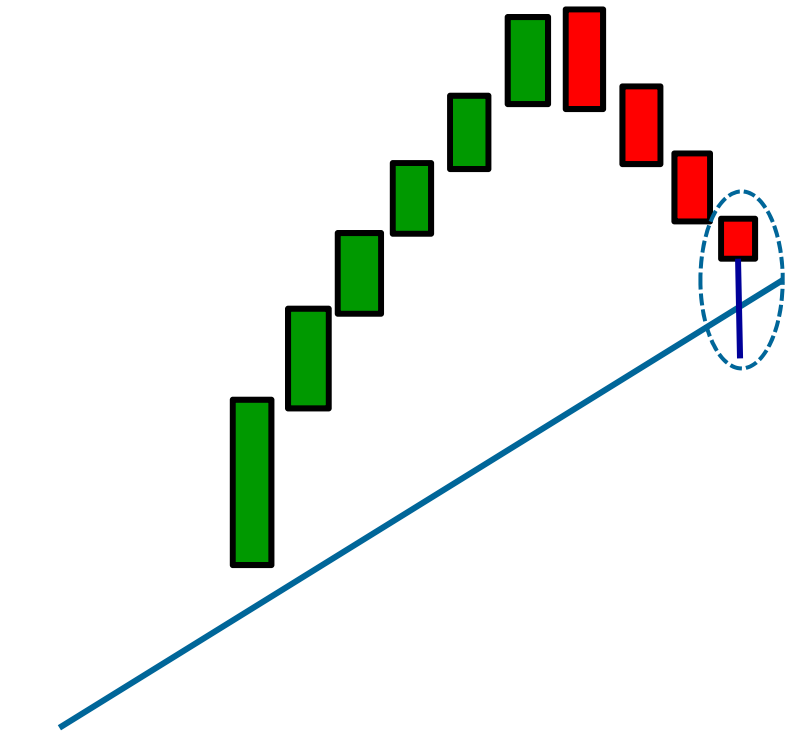
Plus any of the iFund Traders Topping Signs:



iFund Traders will only short a 3 to 5 bar rally if its accompanied by one of the 7 major reversal signs. Each of the above topping signs signifies that the bulls, who were in control during the 3 to 5 bar decline, have just lost it to the bears. In other words, a major shift in the balance of power has occurred if any one of these signs follows a 3 to 5 bar decline.

iFundTraders.com

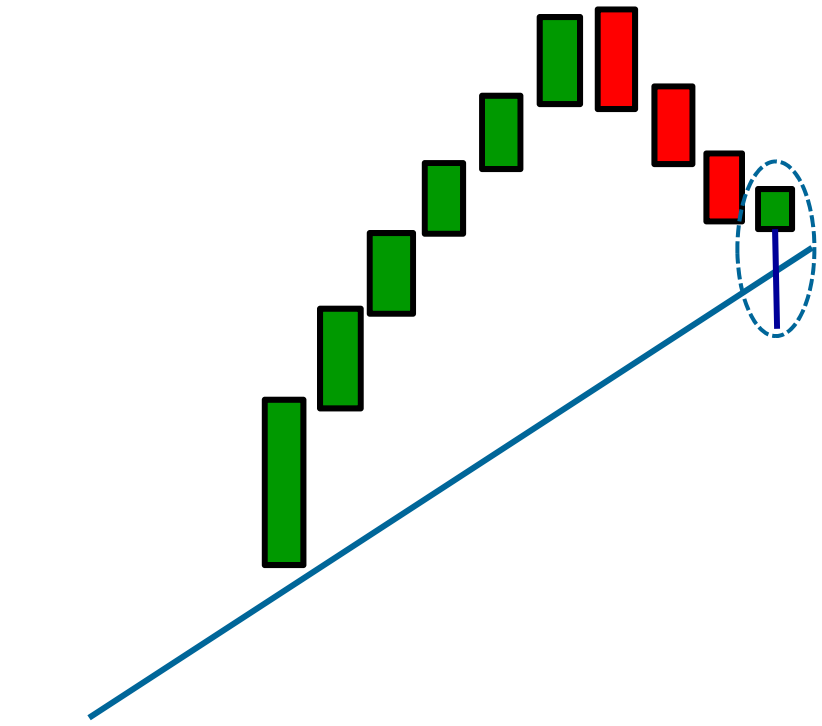
7 BUY Reversal Signs



BT – Bottoming Tail

iFundTraders.com

7 BUY Reversal Signs

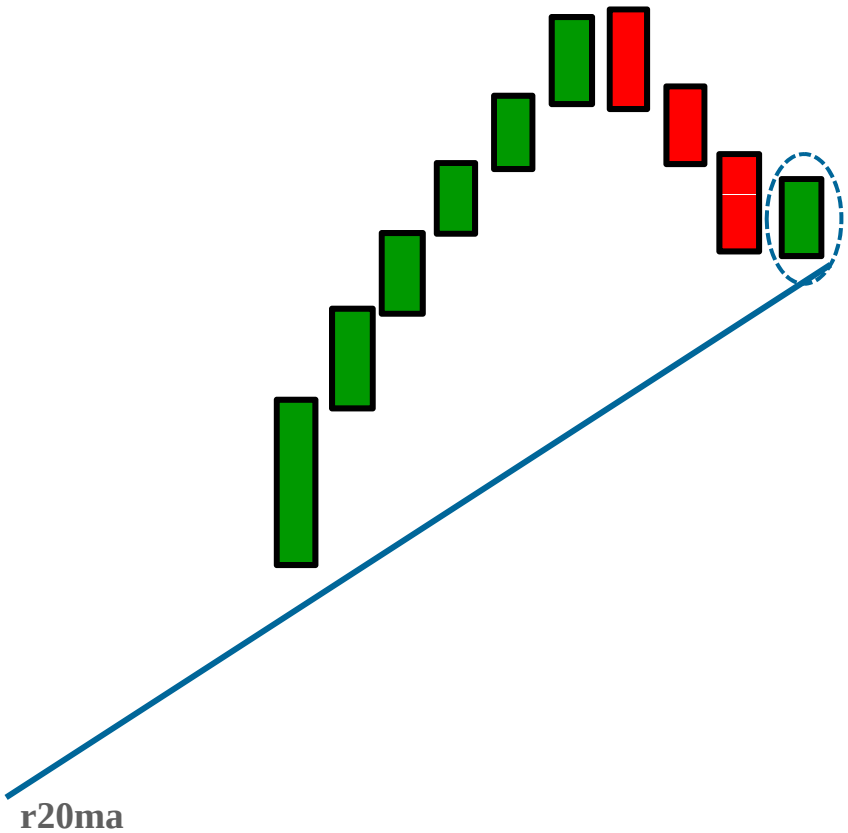


BT – Bottoming Tail

r20ma

iFundTraders.com

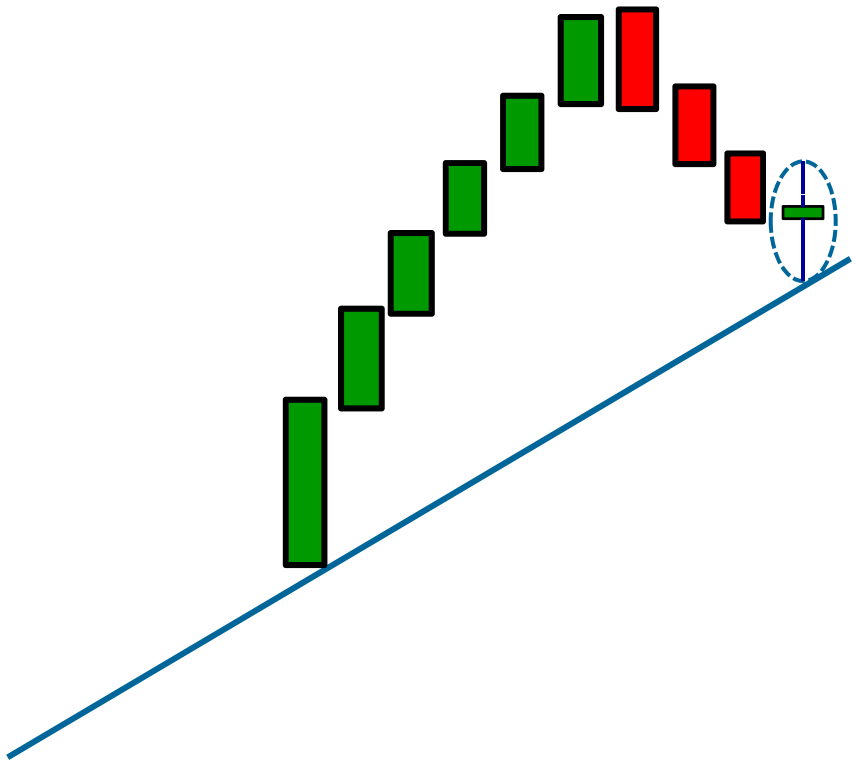
7 BUY Reversal Signs



GBR – Green Bar Reversal

iFundTraders.com

7 BUY Reversal Signs

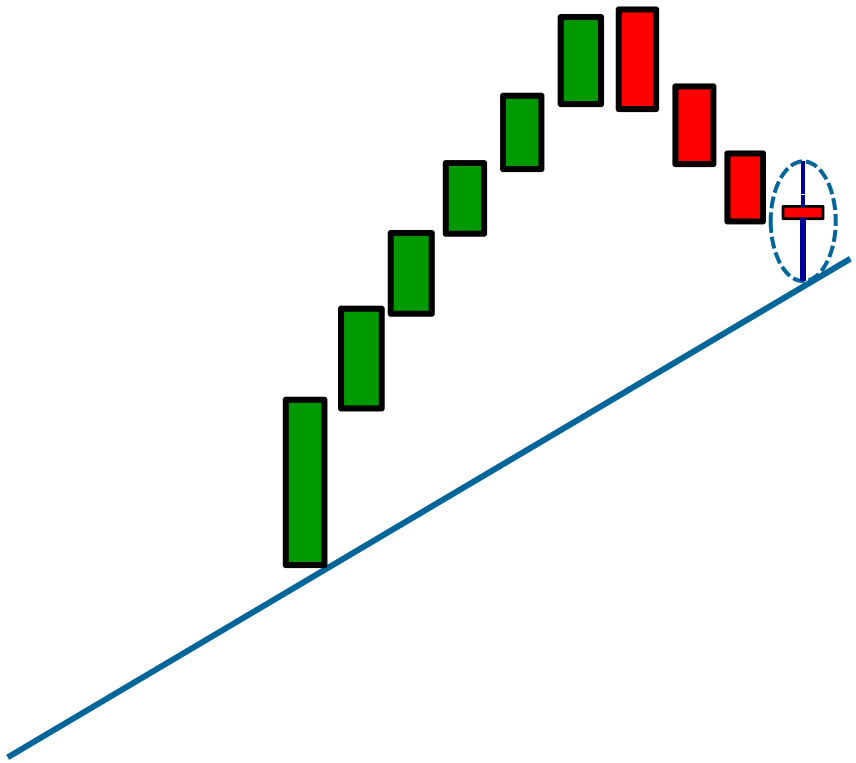


NBB – Narrow Body Bar

r20ma

iFundTraders.com

7 BUY Reversal Signs

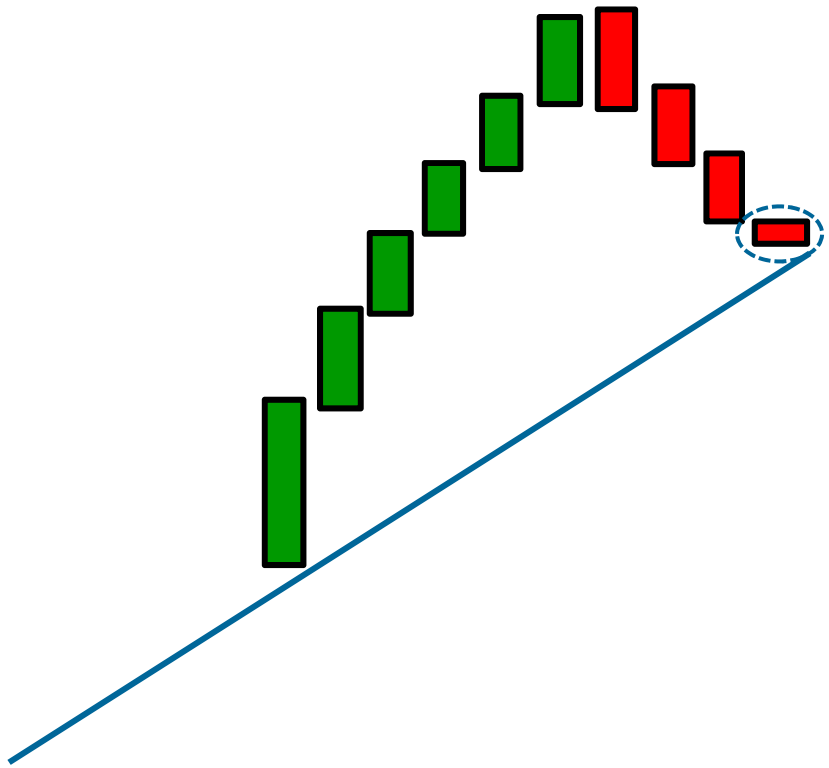


NBB – Narrow Body Bar

r20ma

iFundTraders.com

7 BUY Reversal Signs

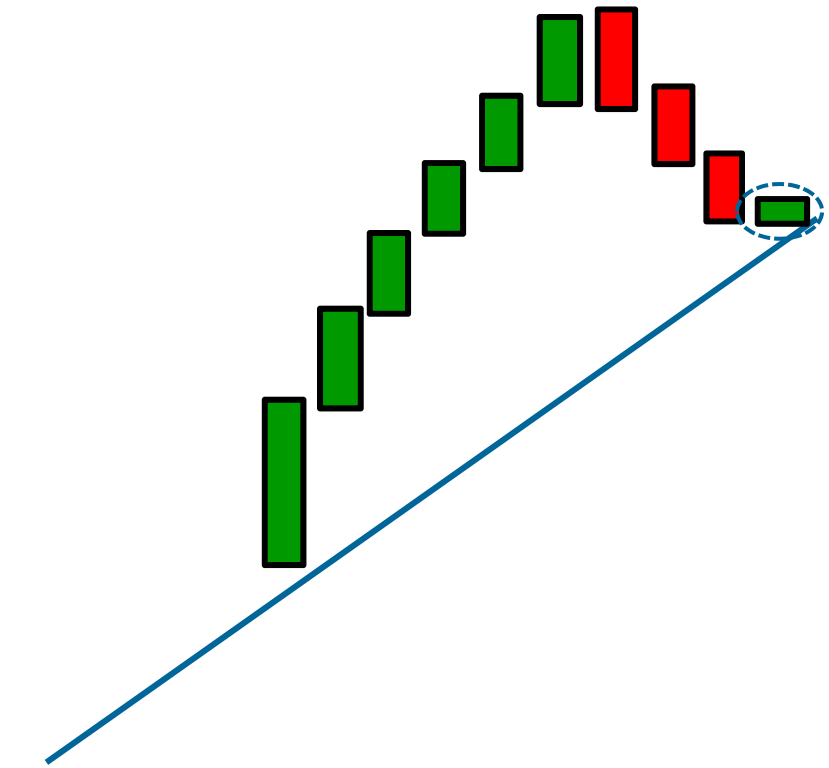


NRB – Narrow Range Bar

r20ma

iFundTraders.com

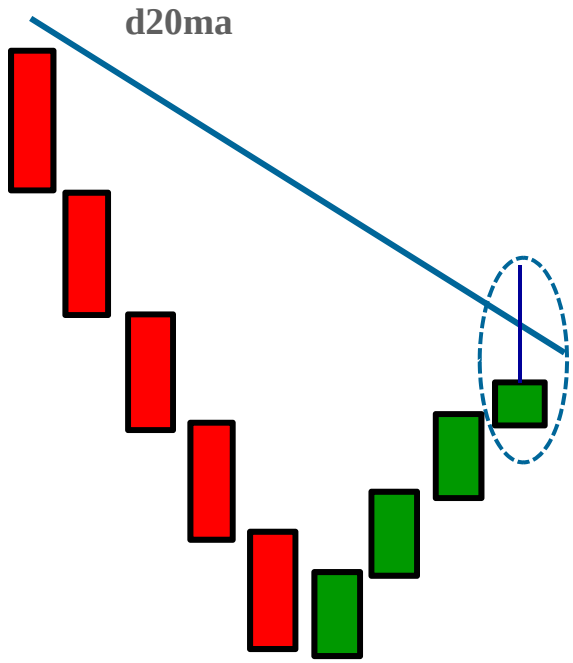
7 BUY Reversal Signs



NRB – Narrow Range Bar

iFundTraders.com

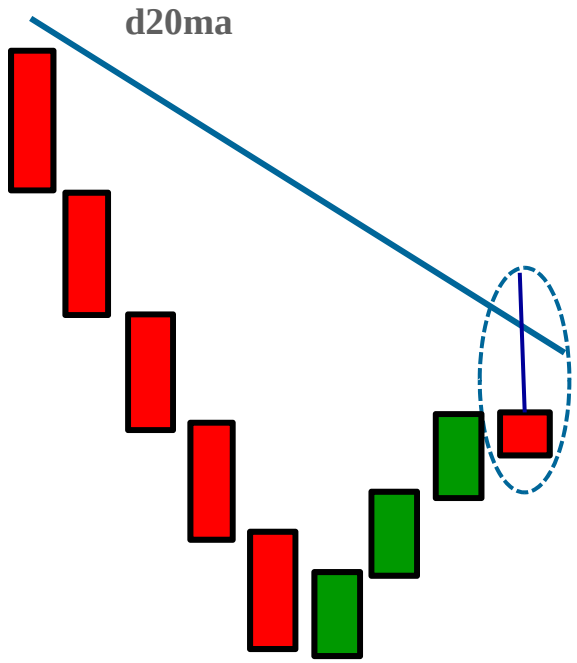
7 SELL Reversal Signs



TT – Topping Tail

iFundTraders.com

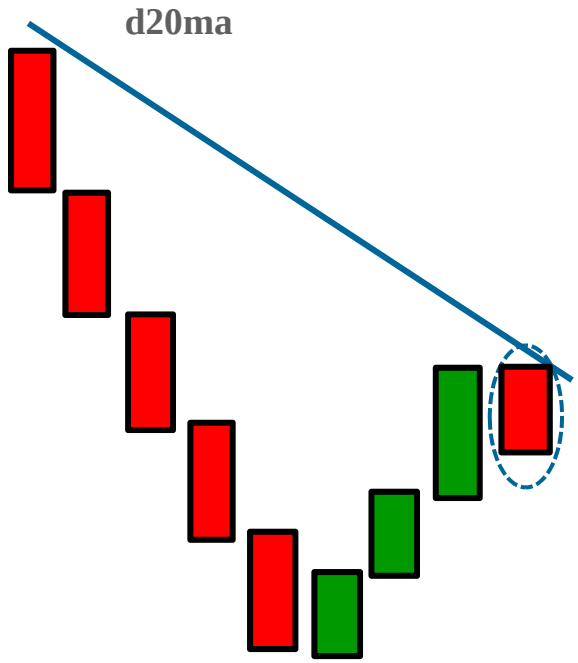
7 SELL Reversal Signs



TT – Topping Tail

iFundTraders.com

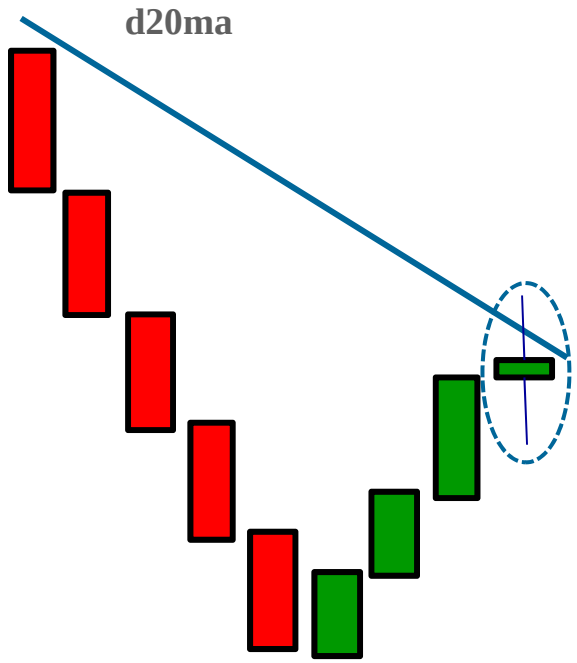
7 SELL Reversal Signs



RBR – Red Bar Reversal

iFundTraders.com

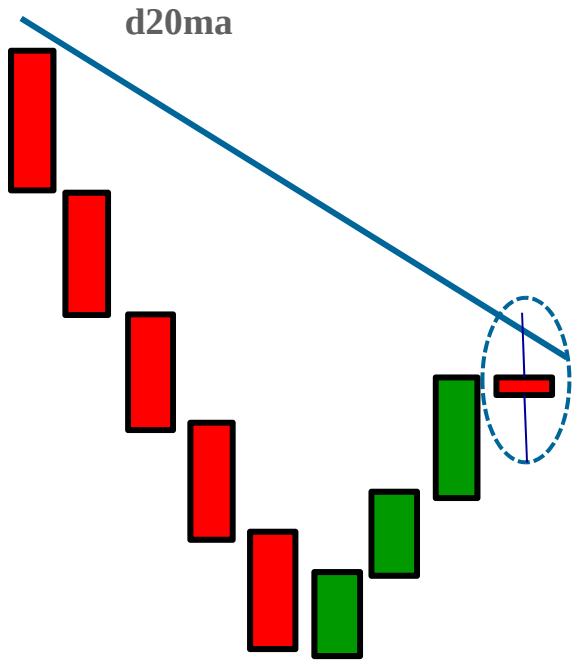
7 SELL Reversal Signs



NBB – Narrow Body Bar

iFundTraders.com

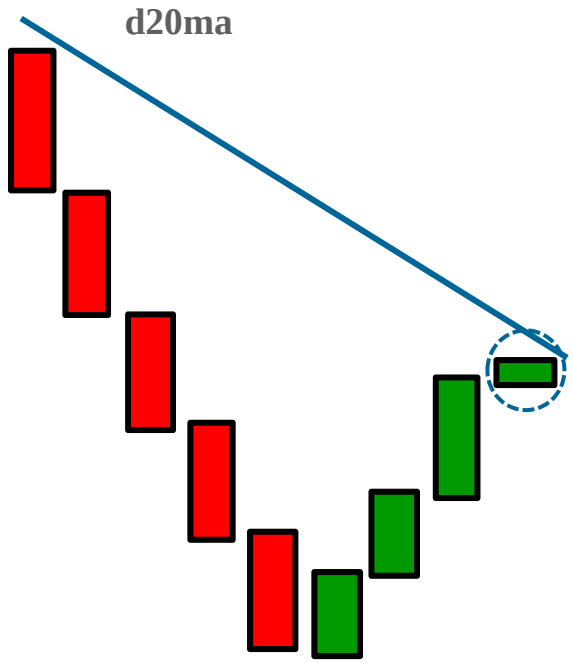
7 SELL Reversal Signs



NBB – Narrow Body Bar

iFundTraders.com

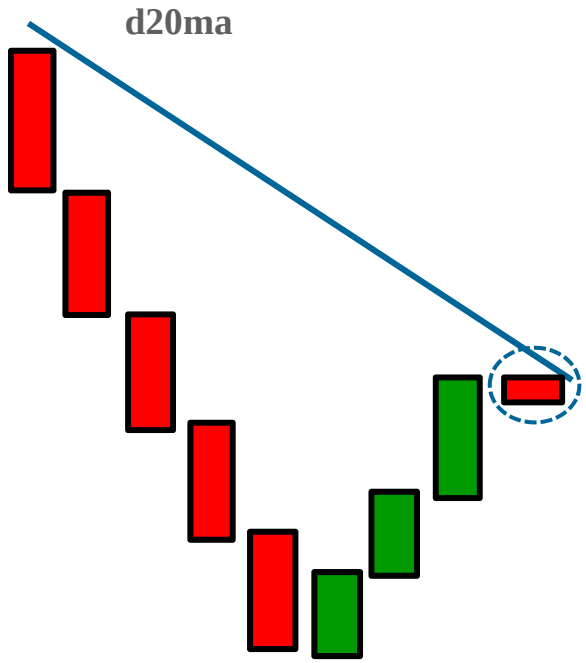
7 SELL Reversal Signs



NRB – Narrow Range Bar

iFundTraders.com

7 SELL Reversal Signs



NRB – Narrow Range Bar

iFundTraders.com

iFund Traders
Buy Set-up (VBS)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

VBS Power Play

Chart Courtesy of iFund Traders Pro™

"Section IV"
The Location Items

CHAPTER 15

iFundTraders.com

Your path to professional trading starts here™

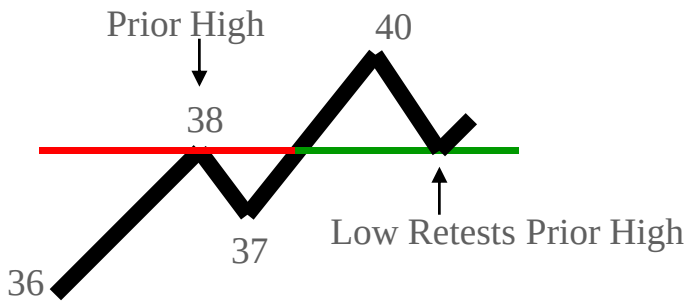
"iFund Traders" Support & Resistance Points

iFund Traders Quote: "There is nothing more important than your emotional balance." - Jesse Livermore

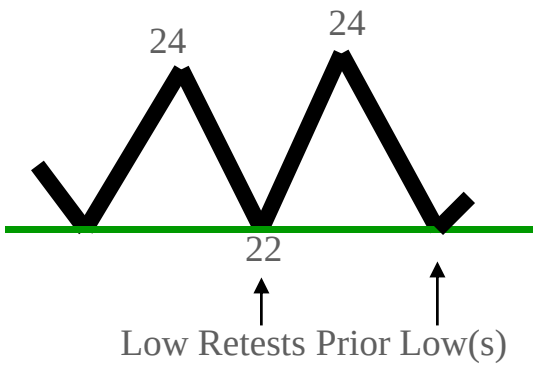
iFundTraders.com

Price Support Types

1) **Prior High Support** – This form of support occurs when a current low (dip) revisits or retests a prior high/peak. Often, this support point coincides with the 50% retracement level.



2) **Prior Low Support** – This form of support occurs when a current low (dip) revisits or retests a prior low. In essence, this is a 100% retracement of the prior rally.

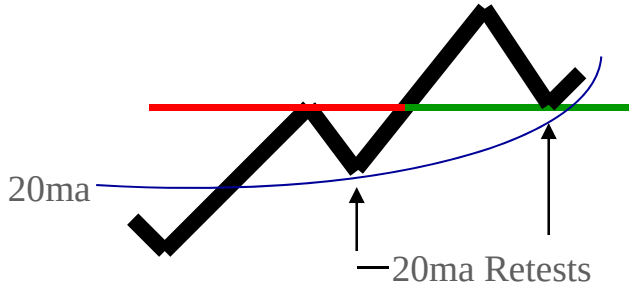


iFund Traders Buy Rule #1: Any of the four iFund Traders Bottoming Signs that occur at or near these support points have very high odds of success. Limit all your buys to some area of price support.

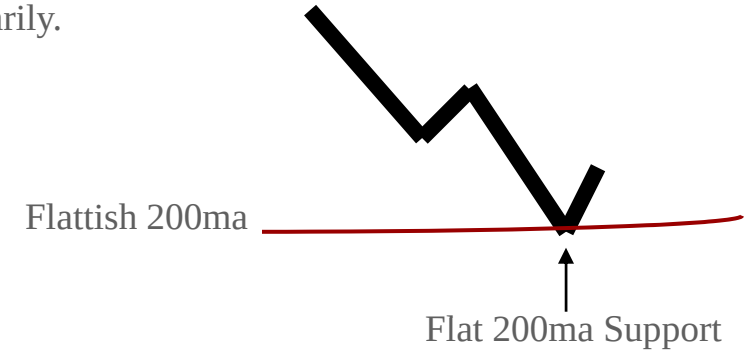
iFundTraders.com

MA Support Types

3) **Trending Moving Average Support** – This form of support occurs when an up trending stock pulls back to or near the rising 20ma or 8ma and stabilizes (forms one of the four bottoming signs). Often, this support point becomes stronger after the first successful rebound off the r20ma.



4) **Flat Moving Average Support** – This form of support usually occurs when there is a flat 200ma beneath the price. It is not often that a stock falling back to a flat 200ma fails to at least stall for a period of time. The first move to a flat 200ma will usually result in some form of rebound, if only temporarily.

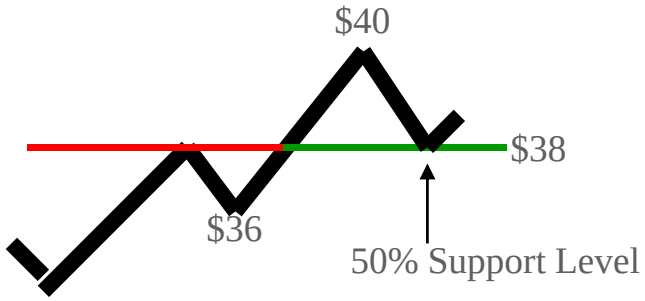


iFund Traders Buy Rule #2: Any of the four iFund Traders Bottoming Signs that occur at or near these MA support points have very high odds of success. Limit your Buys to some form of MA support.

iFundTraders.com

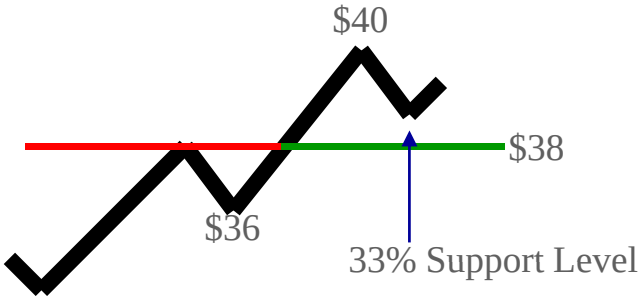
Retracement Support Types

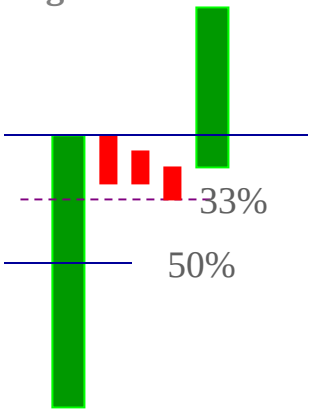
5) **55% Retracement Support** – This form of support occurs when an up trending stock gives back about ½ of its recent gain, then stabilizes (forms one of the four bottoming signs). *Tip:* **The 55% Retracement Level often coincides with Prior High Price Support. When it does, the 50% Support Level is even more solid.**



6) **33% Retracement Support** – This form of support occurs when an up trending stock mildly gives back only 1/3 of its recent gain, then stabilizes (forms one of the four bottoming signs). *Tip:* **The 33% Retracement Level, while more minor than its 50% brother, it signifies that there is very high demand for the shares..**

My Personal Favorite



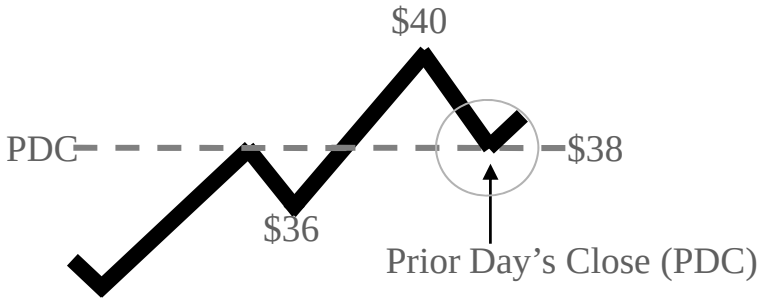


iFund Traders Buy Rule #3: Any of the four iFund Traders Bottoming Signs that occurs at or near these Retracement areas have very high odds of success. Limit your Buys to one of them.

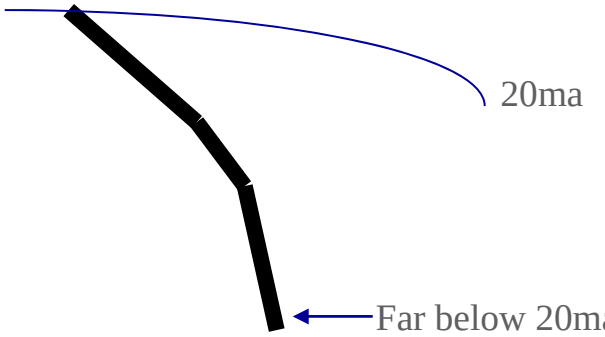
iFundTraders.com

Specialty Support Types

7) **Prior Day Close Support (+PDC)** – This form of support occurs quite often, as the prior closing price of a stock is heavily remembered by traders and investors. If and when a stock rises above yesterday's close, and subsequently **Dips** back to it intra-day, a bounce of some kind is very likely if it stabilizes (forms one of the four bottoming signs).



8) **Far Below 20ma Support** – This form of support is powerful but somewhat subjective. If a stock gets extended too far below the 20ma, the odds of a strong rebound become very high. If any one of the four reversal/bottoming signs occur after a stock has dropped far below its 20ma, iFund Traders look for a sharp **Rally**. We cover more of this concept in a future chapter.

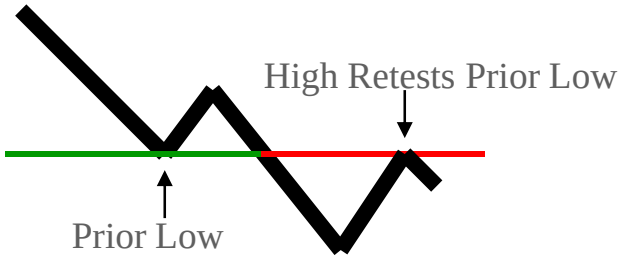


iFund Traders Buy Rule #4: Any of the four iFund Traders Bottoming Signs that occurs at or near these locations/areas have very high odds of success. Limit your Buys to one of them.

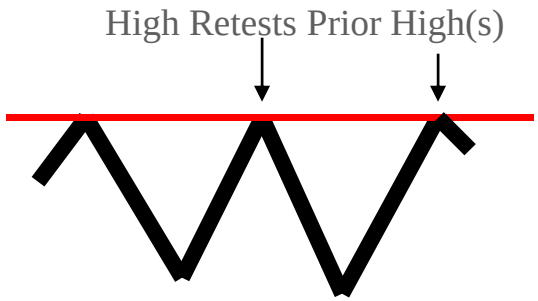
iFundTraders.com

Price Resistance Types

1) **Trending Price Resistance** – This form of resistance occurs when a current high **(Rally)** revisits or retests a prior low/dip. Often, this resistance point coincides with the 50% retracement level.



2) **Prior High Resistance** – This form of support occurs when a current high **(Rally)** revisits or retests a prior high. In essence, this is a 100% retracement of the prior Decline

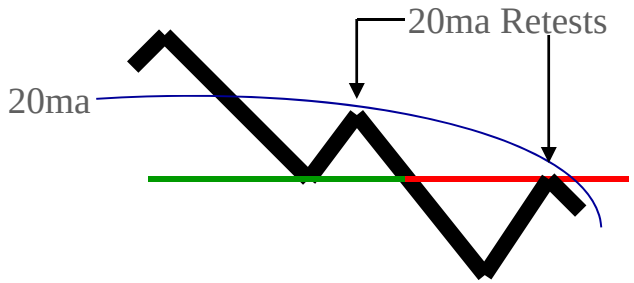


iFund Traders Short Rule #1: Any of the four iFund Traders Topping Signs that occur at or near these resistance points have very high odds of success. Limit your Shorts to some form of Price Resistance.

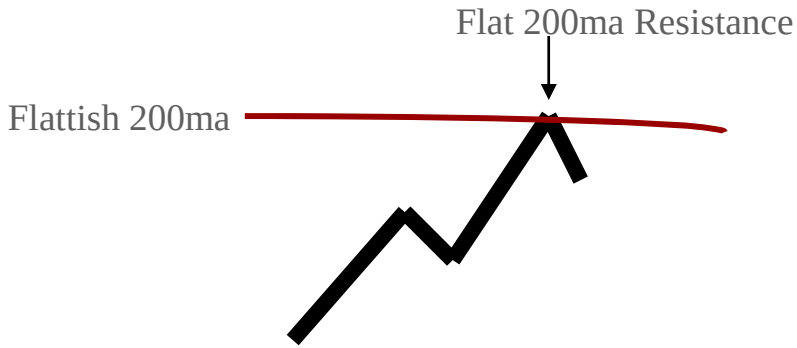
iFundTraders.com

MA Resistance Types

3) **Trending Moving Average Resistance** – This form of resistance occurs when a down trending stock **Rallies** back to or near the **Declining** 20ma or 8ma and stabilizes (forms one of the four topping signs). Often, this resistance point becomes stronger after the first successful **Decline** off the d20ma.



4) **Flat Moving Average Resistance** – This form of resistance usually occurs when there is a flat 200ma above the price. A stock that rises to a flat 200ma will rarely fail to experience some form of resistance. The first move to a flat 200ma will usually result in some form of price lapse, if only temporarily.

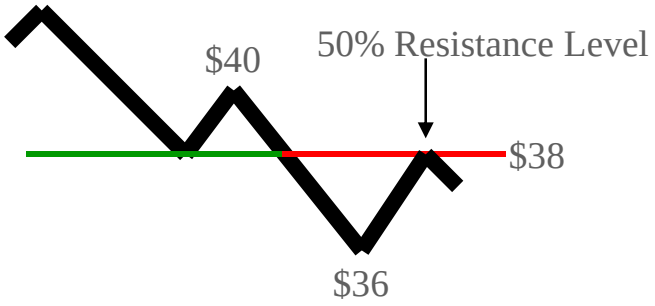


iFund Traders Short Rule #2: Any of the four iFund Traders Topping Signs that occur at or near these MA resistance points have very high odds of success. Limit your Shorts to these MA areas.

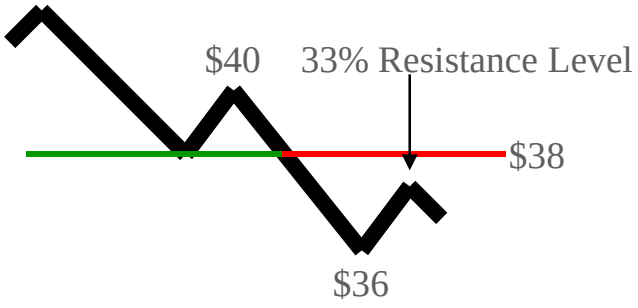
iFundTraders.com

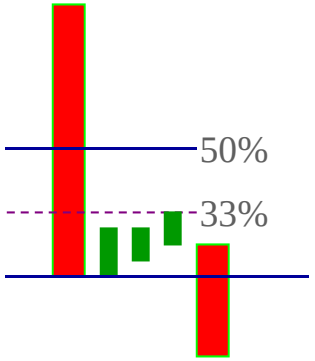
% Resistance Types

5) **55% Retracement Resistance** – This form of resistance occurs when a down trending stock **Rallies** back about ½ up its recent decline, then stabilizes (forms one of the four topping signs).
Tip: **The 55% Retracement Level often coincides with Prior Low Price Resistance. When it does, the 55% Resistance Level is even more solid.**



6) **33% Retracement Resistance** – This form of resistance occurs when a down trending stock rallies back to its down trend line and stabilizes. The down trend line often coincides with 20ma resistance, and like many other forms of resistance, it can coincide with other forms of resistance, like Prior Low, Moving Average and the 50% level.



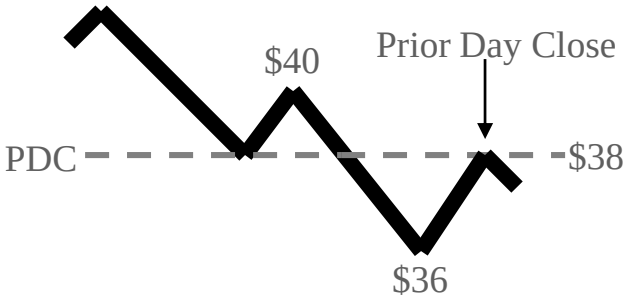


iFund Traders Buy Rule #3: Any of the four iFund Traders Topping Signs that occur at or near these Retracements areas have very high odds of success. Limit your Shorts to one of them.

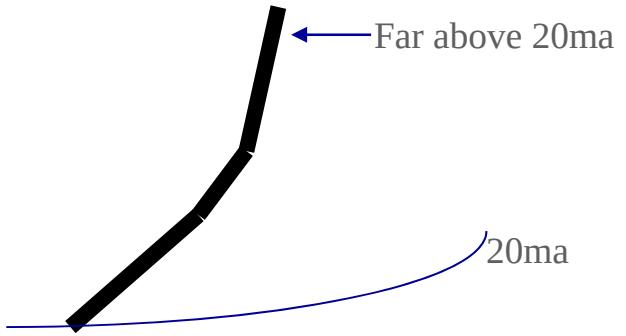
iFundTraders.com

Specialty Resistance Types

7) **Prior Day Close Resistance (-PDC)** – This form of resistance occurs quite often, as the prior days closing price of a stock is heavily remembered by traders and investors. If and when a stock has declined below yesterday's close, and subsequently rallies back to it intra-day, a pullback of some kind is very likely if it forms one of the four topping signs.



8) **Far Above 20ma Resistance** – This form of resistance is powerful but somewhat subjective. If a stock gets extended too far above the 20ma, the odds of a strong set back becomes very high. If any one of the four reversal/topping signs occurs after a stock has rallied far above its 20ma, iFund Traders look for a sharp decline. We cover more of this concept in a future chapter.



iFund Traders Sell Rule #4: Any of the four iFund Traders Topping Signs that occurs at or near these locations/areas have very high odds of success. Limit your Sells to one of them.

iFundTraders.com

The Power of Doubles

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Prior Low Support (PLS)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Prior Low Support (PLS)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Prior Low Support (PLS)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Major Price Resistance

Once a stock experiences a sharp decline, the point of origin of that decline (the top) will serve as repeated forms of resistance. See the circles that followed the original TT.

Charts Courtesy of iFund Traders Pro®

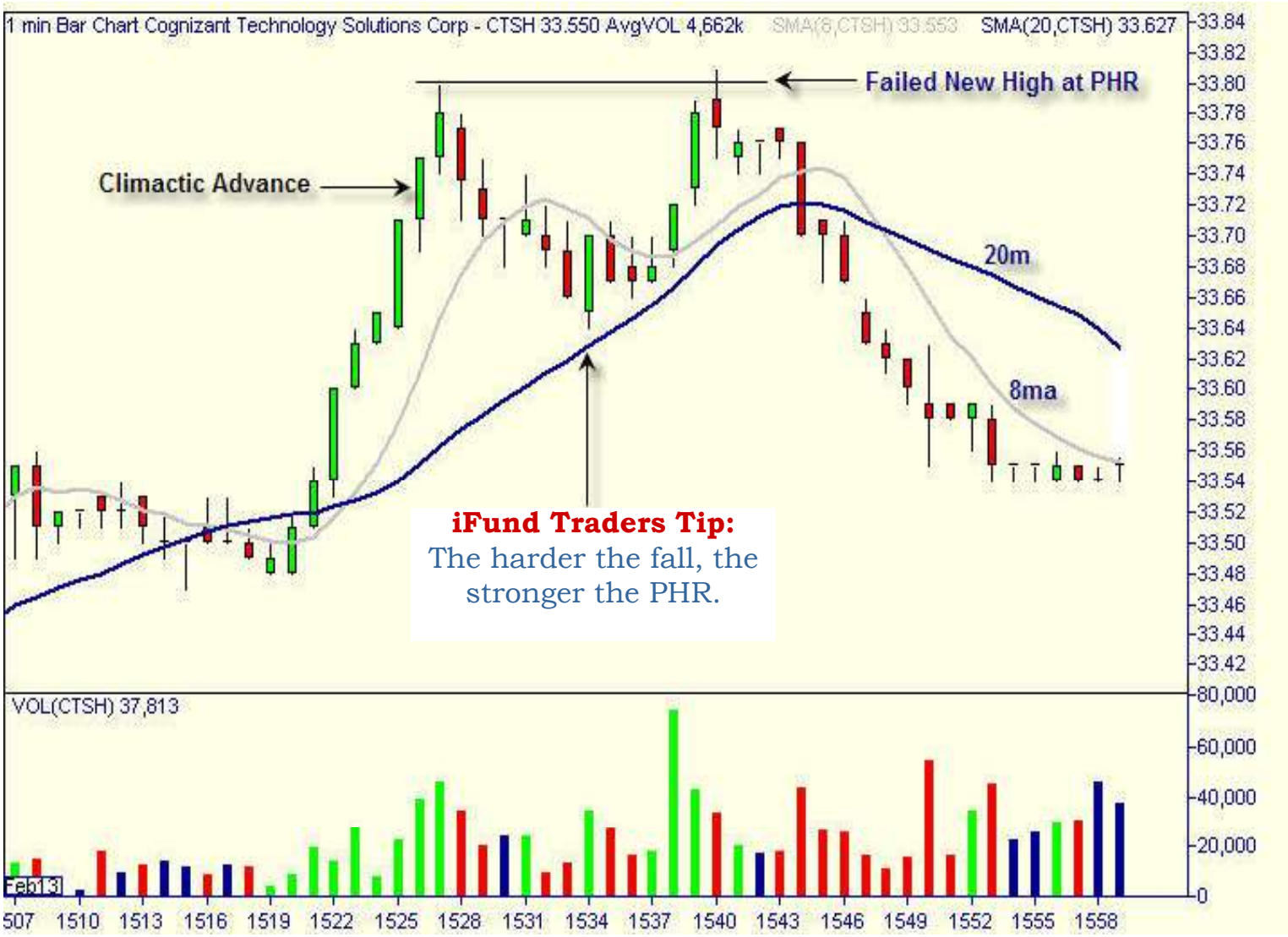
iFundTraders.com

Prior High Resistance (PHR)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Prior High Resistance (PHR)


1 min Bar Chart Cognizant Technology Solutions Corp - CTSH 33.550 AvgVOL 4,662k
SMA(20,CTSH) 33.627
Failed New High at PHR
Climactic Advance
20m
8ma
iFund Traders Tip:
The harder the fall, the stronger the PHR.
VOL(CTSH) 37,813
Feb13
507 1510 1513 1516 1519 1522 1525 1528 1531 1534 1537 1540 1543 1546 1549 1552 1555 1558

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Support & Resistance

It must be remembered that price support and resistance are not specific prices. Rather they are areas. When prices come to them or "near" them, that is sufficient.

Chart Courtesy of Realtick®

iFundTraders.com

33% Retracement @ 8ma

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

The Prior Day's Close (PDC)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Prior Day's Close (PDC)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com
Your path to professional trading starts here™

"Section V"
Micro Reversal Times

CHAPTER 16

iFund Traders Quote: "I am one of the few speculators who has never cared in which direction a stock is going. I simply go with the line of least resistance."
- Jesse Livermore

iFundTraders.com

The Major Reversal Times (RTs)

1) **10:00 ET Reversal Time –** Individual stocks as well as the market as a whole tend to react in some form or another around the 10:00 time period. While none of the RTs should be regarded as too precise, the 10:00 RT is by far one of the most powerful. If a stock or the market advances right into the 10:00 time zone, iFund Traders should look for some type of reversal or stall. Conversely, a sharp drop into the 10:00 area should produce some type of rebound or stall.

2) **11:15 ET Reversal Time**– This marks another major reversal time, as it denotes the end of the market's first phase and kicks off its second. It is around this time that the number of active market players dwindles as many start leaving for their lunch break. We call the second phase of the day, the Mid-day Doldrums. During this period many stocks begin to go flat and sluggish due to the growing lack of participation created by the lunch phase. The iFund Traders Trader would look for major stoppages of up and down trends to occur around this time.

3) **2:15 ET Reversal Time** – This time marks the end of the Mid-day Doldrums period and kicks off the start of the market's third and final phase. In some markets, the third phase is the most lucrative. The directional bias of the day is often already established, resulting in truer patterns and trends. It is around 2:15 or so that the market will often begin to pick up steam (volume) and volatility. Stocks and the overall market will also tend to continue the move they began in phase one if a trending phase is being experienced.

iFundTraders.com

The Minor Reversal Times (RTs)

1) **10:30 ET Reversal Time –** Individual stocks as well as the market as a whole can experience some form of reaction around the 10:30 time period. Pullbacks to major areas of support that coincide with this time frame offer nice buy opportunities. The same works in reverse.

2) **12:00 ET Reversal Time–** This marks another minor time at which stocks can either stall or reverse. If 11:15 kicks off the start of lunch for some, 12:00 officially begins it for all. All stocks which have not be affected by the first phase of lunch, will usually begin to go dead at this time period.

3) **1:30 ET Reversal Time** – This time marks a period that can occasionally be quite significant. Every now and then a stock or the market can turn or get "kick started" around 1:30 ET. It does not always happen, but when it does, it's normally significant, which calls for my mention of it.

4) **3:00 ET Reversal Time –** This time denotes when the bond market closes. There are days during which bonds are the major support for equities. When bonds are "stock friendly" and the stock market loses its friend at 3:00, a change for the worse can be ignited. Conversely, there are days during which bonds are a major nemesis for equities. When bonds, which were proving to have a bearish effect on stocks, close at 3:00, a turn for the better can material.

5) **3:30 ET Reversal Time –** This time marks the final boarding call for all who either want to "get in" or "get out." Consider it the "last call" for market players, or the last chance to make or remove a significant position. Many stocks, and at times the entire market, can experience either an abrupt halt, reversal or acceleration of what it was doing before around 3:30 ET.

iFundTraders.com

Micro Reversal Times

There are nine Reversal Times, three of which are major: 9:35; 10:00; 10:30; 11:15; 12:00; 1:30; 2:15 – 2:30; 3:00; 3:30. The majors are: 10:00; 11:15; 2:15 – 2:30.

Charts Courtesy of Sterling Software, Inc.

iFundTraders.com

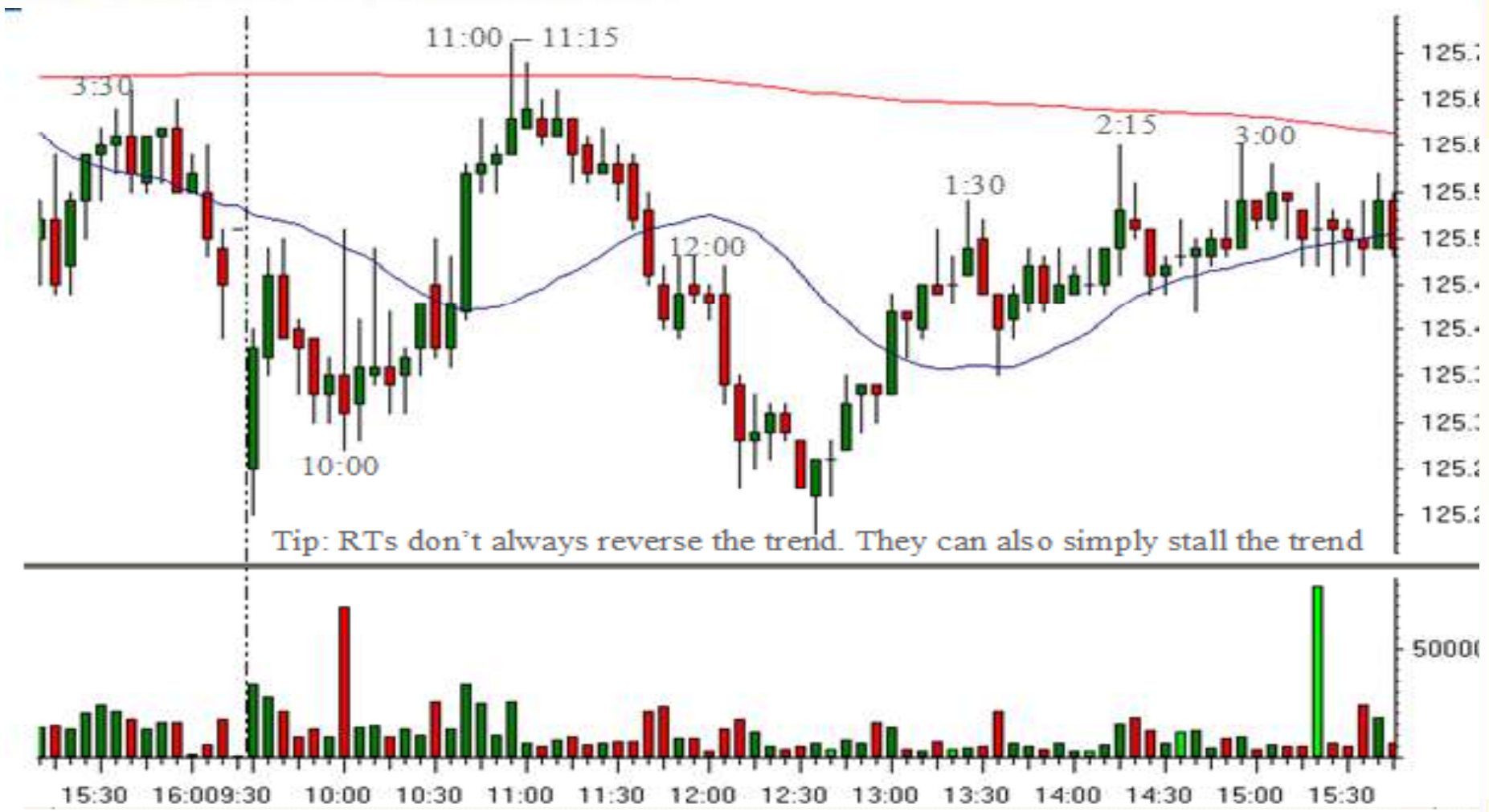
Micro Reversal Times

Climactic drops that pull far below the 20 and 200mas tend to result in a violent rebound. Any reversal sign (BT, GBR, NRB/NB) provides the signal to strike.

Charts Courtesy of Sterling Software, Inc.

iFundTraders.com

Micro Reversal Times



3:30 top ignites a move down into the next day. 10:00 bottom leads to a robust rally into the 11:00 hour. 11:15 top at the 200ma leads to an hour+ decline.

Charts Courtesy of Sterling Software, Inc.

iFundTraders.com
Your path to professional trading starts here™

"Section VI"
Climactic Buys
& Climactic Sells
CHAPTER 17

iFund Traders Quote: "I never try to predict or anticipate the market. I only try to react to what the market is telling me by its behavior."
- Jesse Livermore

iFundTraders.com

Climactic Decline Buy (CDB)

PATTERN SETUP

1. 5 or more consecutive Lower Highs or, 5 or more Red Bars.
   Note: Having both makes the setup more potent.
2. BT, GBR, NRB, or NB (one or more of the four reversal signs) WRB as well
3. Far below 20ma or prior support area (this is a visual concept); Best if far below 8ma
4. Volume Surge (this is not a requirement however)
5. Reversal Time: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15-2:30; 3:00; 3:30

BUY ACTION

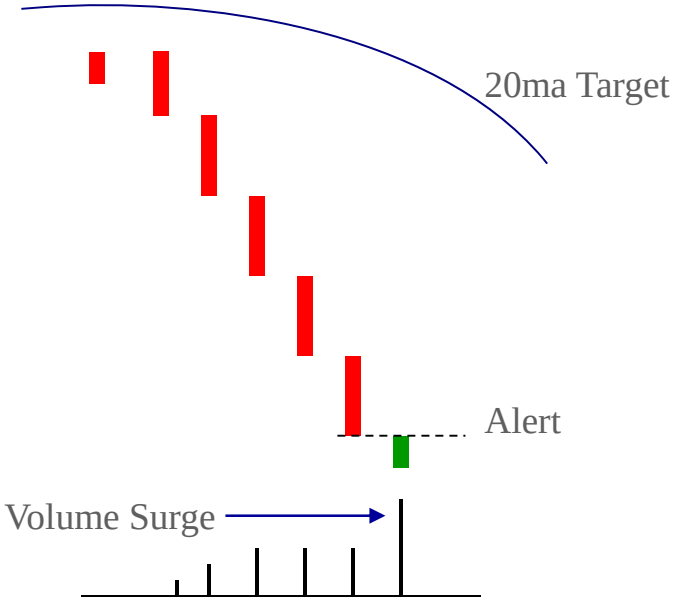
- Buy .01 above the prior bar's high or drop to the next lower time frame. *Note:* Only use the next lower time frame if prior bar's high is too far away. Keep in mind that this alternative entry does increase the odds of premature stop outs.
- Place a stop .01 below the entry bar's low, or the prior bar's low.
- Set minimum target at 20ma or the 50% Retracement Level.
- After 2 bars, place a trailing stop .01 under each prior bar's low until a) Price objective is met; or b) a major RBR has occurred.

NOTE: The first iFund Traders Sell Set-up *after* a Climactic Decline possesses low odds.

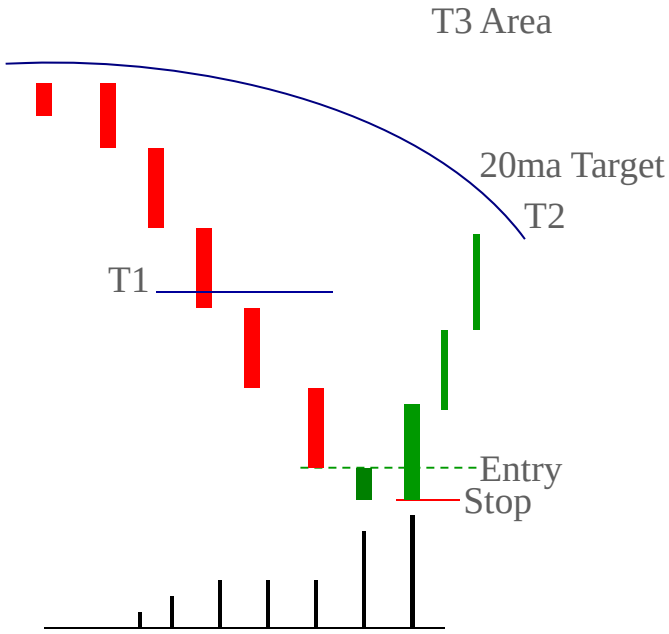
iFundTraders.com

Climactic Decline Buy (CDB)

iFund Traders Climactic Decline Buy Set-up – This is the pattern that we use to buy within the context of a down trend. While bucking the trend is normally a recipe of disaster, there are moments in time when doing so is intelligent. We only allow our traders to buy in a downtrend under very strict criteria, which are listed below. **Note: If you find yourself bucking the trend more than 10% of the time, you are likely doing something wrong.**



Pattern Set-up



Buy Action

Trading Note: The overhead 20ma and/or the most recent area of price resistance becomes the iFund Traders primary target. While a trailing stop can be used after a two bar lift, many iFund Trained Traders opt to go for a boom or bust approach with a breakeven stop once they get the two bar lift. The reason for this is because this tactic's success in ultimately getting to the 20ma is very high.

iFundTraders.com

Climactic Decline Buy (CDB)

iFundTraders.com

Climactic Decline Buy (CDB)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Climactic Decline Buy (CDB)

Climactic drops that pull far below the 20 and 200mas tend to result in a violent rebound. Any reversal sign (BT, GBR, NRB, NB) provides the signal to strike. The 20ma is your first target, but keep in mind that instituting a trailing stop once the 20ma is met could lead to additional gains.

iFundTraders.com

Climatic Advance Sell (CAS)

PATTERN SETUP

1. 5 or more consecutive Higher Lows or, 5 or more Green Bars.
   Note: Having both makes the setup more potent.
2. TT, RBR, NRB, or NB (one or more of the four reversal signs)
3. Far above 20ma or prior resistance area (this is visual)
4. Volume Surge (this is not a requirement)
5. Reversal Time: 10:00; 10:30; 11:15; 12:00; 1:30; 2:15-2:30; 3:00; 3:30

ACTION

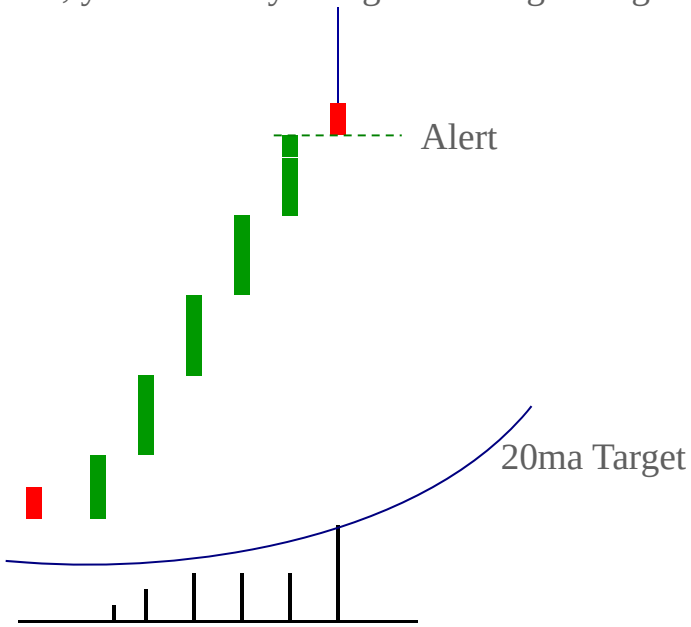
1. Short .01 below the prior bar's low or drop to the next lower time frame.
   Note: Only use the next lower time frame if prior bar's low is too far away.
   Keep in mind that this alternative entry does increase the odds of premature stop outs.
2. Place a stop .01 above the entry bar's high, or the prior bar's high.
3. Set minimum target at 20ma or the 50% Retracement Level.
4. After 2 bars, place a trailing stop .01 above each prior bar's high until
   a) Price objective is met; or b) a major GBR has occurred.

NOTE: The first iFund Traders Buy Set-up *after* a Climactic Advance possesses low odds.

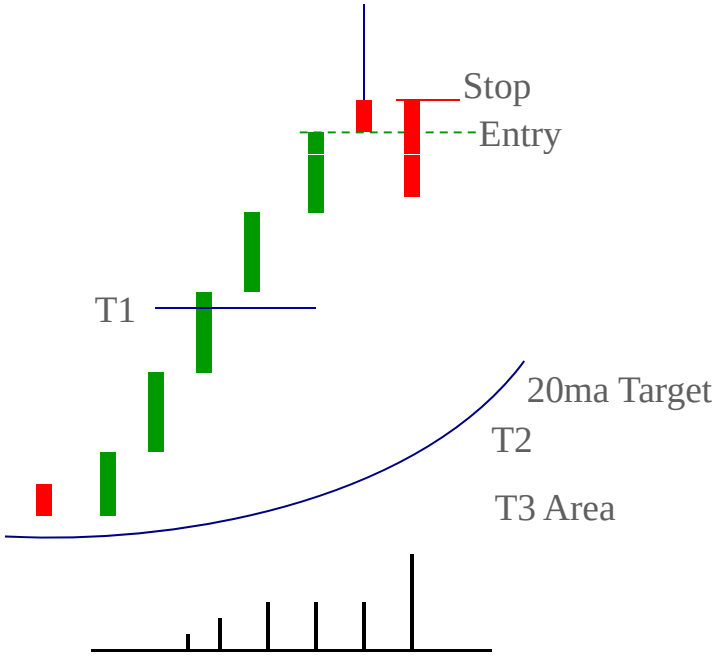
iFundTraders.com

Climatic Advance Sell (CAS)

iFund Traders Climactic Advance Sell Set-up – This is the pattern that we use to short within the context of an uptrend. While bucking the trend is normally a recipe of disaster, there are moments in time when doing so is intelligent. We only allow our traders to short in an uptrend under very strict criteria, which are listed below. Note: If you find yourself bucking the trend more than 10% of the time, you are likely doing something wrong.



Pattern Set-up



Short Action

Trading Note: The below 20ma and/or the most recent area of price support becomes the iFund Traders primary target. While a trailing stop can be used after a two bar decline, many iFund Trained Traders opt to go for a boom or bust approach with a breakeven stop once they get the two bar drop. The reason for this is because this tactic's success in ultimately getting to the 20ma is very high.

iFundTraders.com

Climatic Advance Sell (CAS)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Climatic Advance Sell (CAS)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com
Your path to professional trading starts here™

"Section VII"
The Sideways Break Strategies

CHAPTER 18

iFund Traders Quote: "There are times when your trading money should be inactive. In the market, time is not money – time is time – and money is money."
- Jesse Livermore

Two Main Breakout Facts

Fact 1:

Breakouts are amongst some of the most powerful, profitable plays in existence

Fact 2:

72% of all Breakouts Fail

Breakout Question 1

Question 1:

So how can breakouts be so powerful and profitable if most don't work?

Answer:

The 28% that do work do so in a major way. Big Profits!

Breakout Question 2

Question 2:

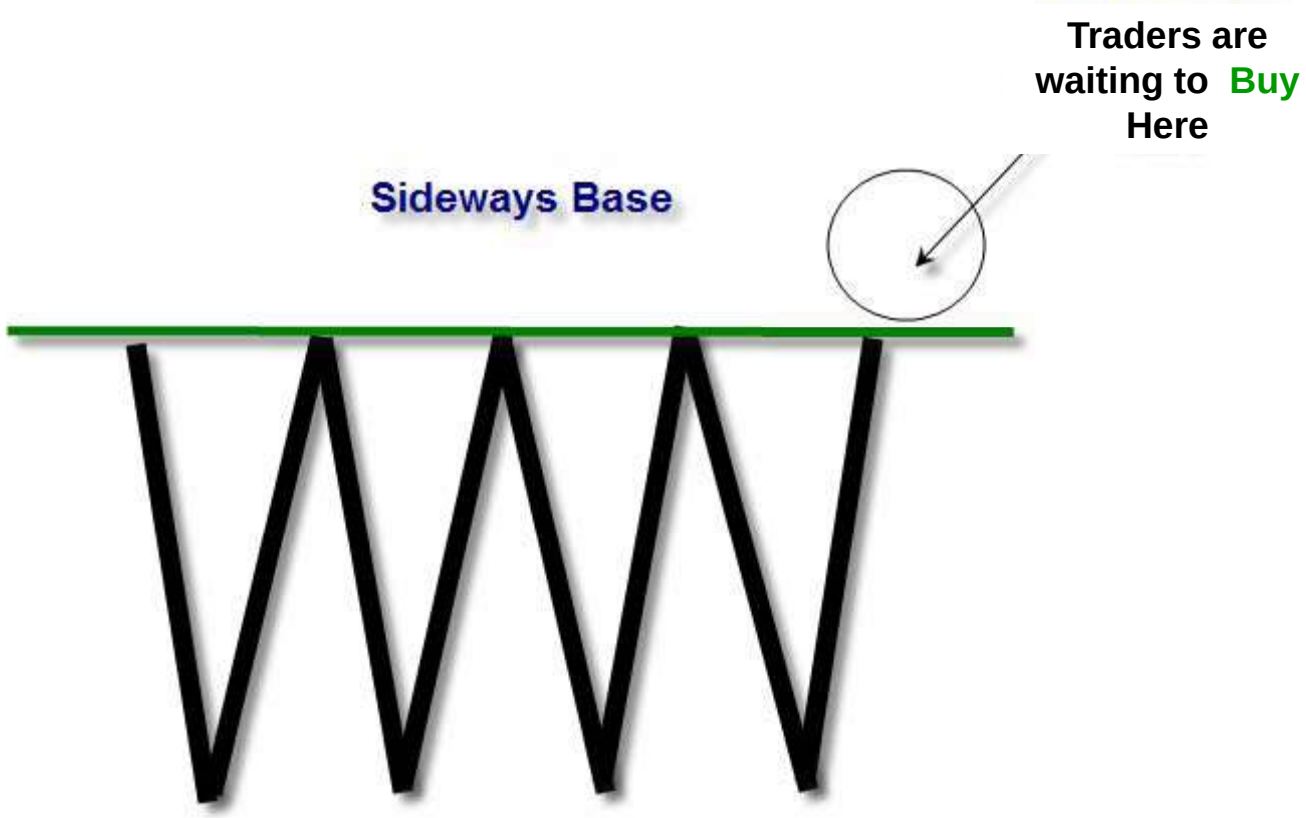
So how can one distinguish between those breakouts that are likely to fail, versus those which will likely soar?

Answer:

By the end of this educational session, you'll know which breakouts to buy and which to by-pass.

iFundTraders.com

The Traditional Breakout



iFund Traders Tip:

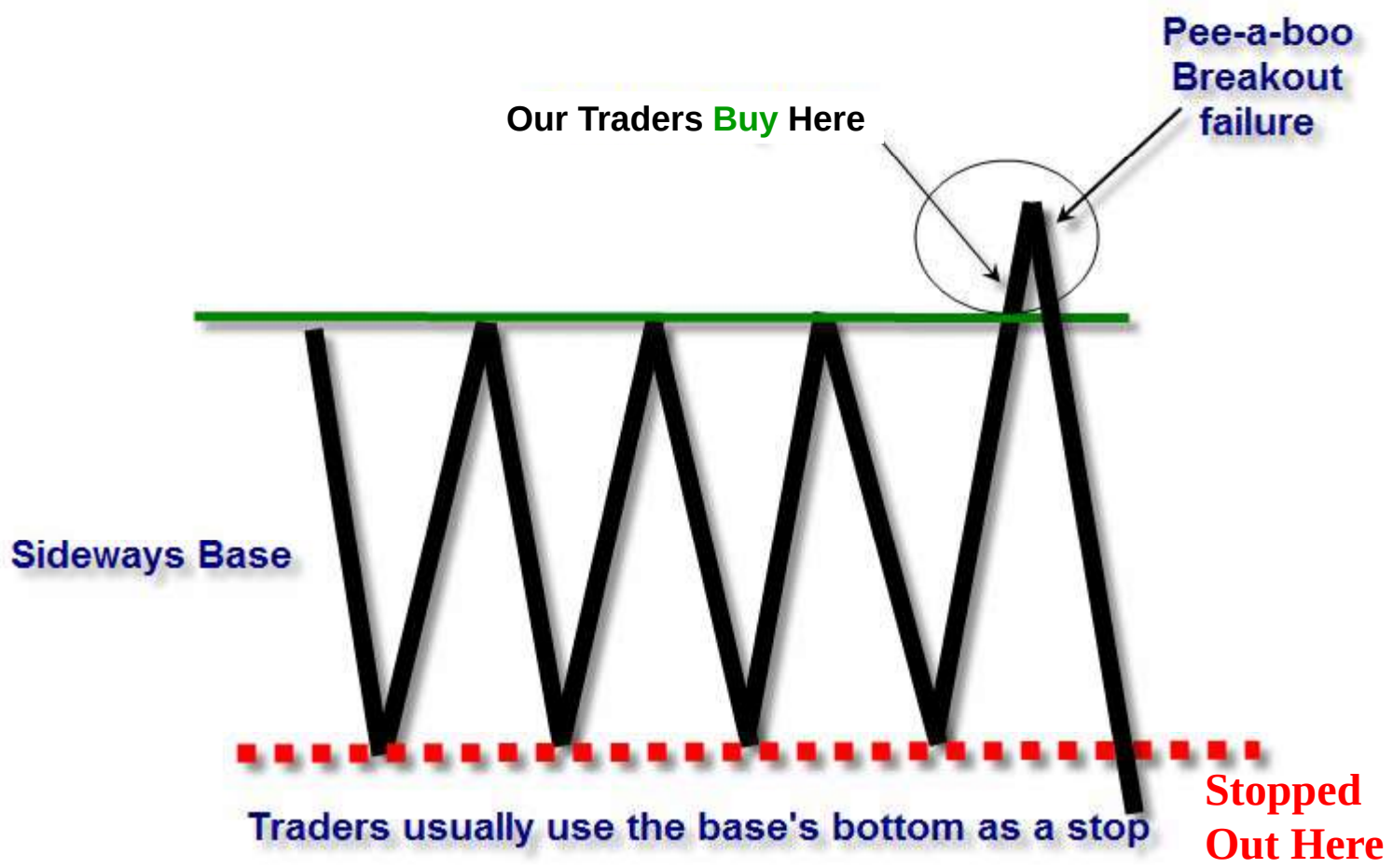
You need a minimum of three relatively equal highs and lows to have a true consolidating base.

iFundTraders.com

The Traditional Breakout

iFundTraders.com

The Traditional Breakout



What's the culprit? What went wrong?

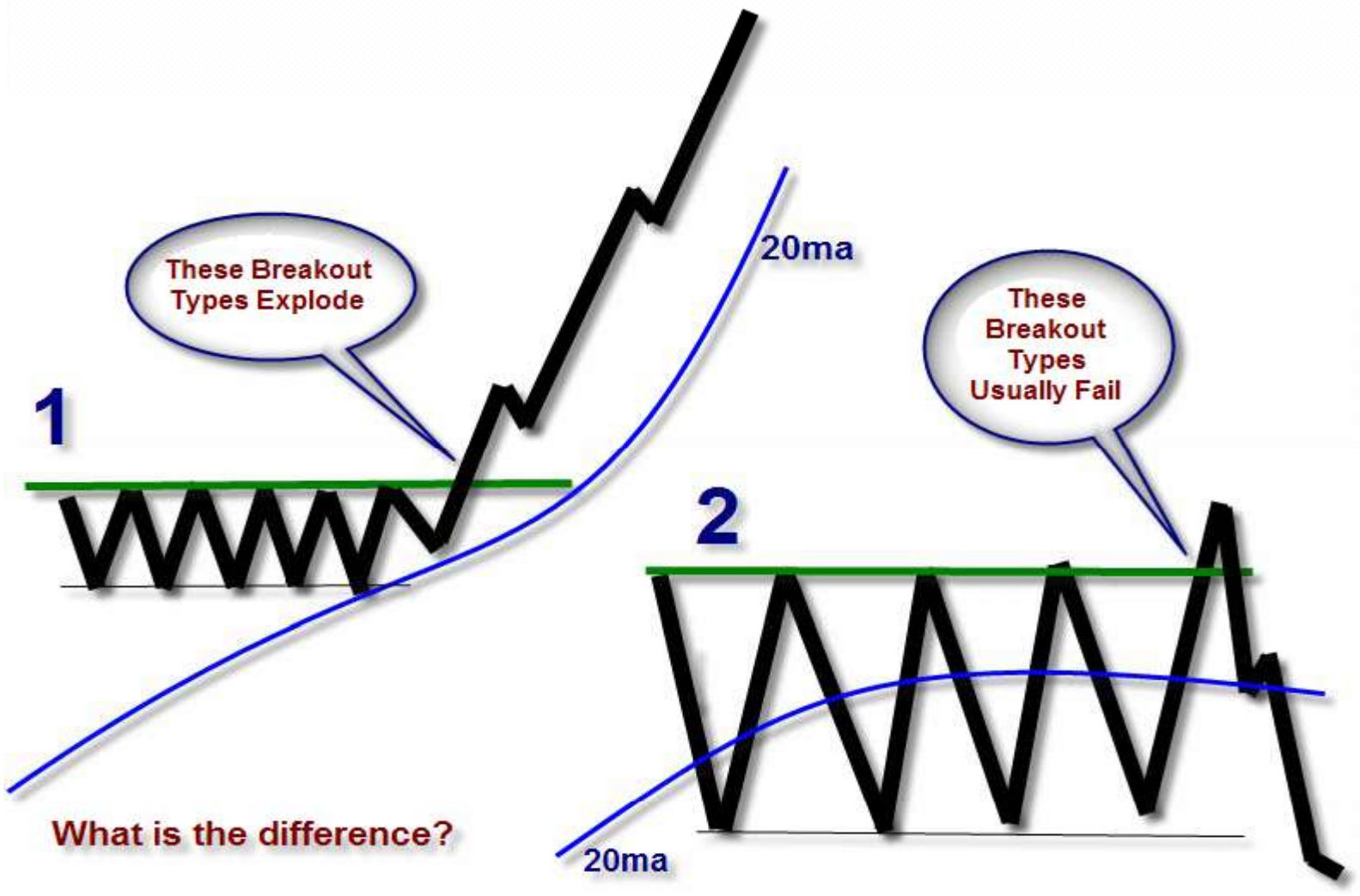
iFundTraders.com

The iFund Traders Breakout

28% That Work!
Our Traders Buy Here
20ma
Sideways Base
Our Traders Place a Stop Here
Why did this breakout work and the former one fail?
Can you see the difference?

iFundTraders.com

The iFund Traders Breakout



iFundTraders.com

iFund Traders Breakout Play (BOP)

PATTERN SETUP

1. The sideways base can occur in an established uptrend or after a downtrend
2. The base should be narrow and thin, not wide and whippy
3. The bars in the base should be small and narrow, no wide range
4. The volume during the base should be light, not heavy
5. The 8ma and/or the 20ma should ideally be rising during the base's formation

BUY ACTION

1. Buy the bar that breaks above the last 2/3s of the base
2. Place a stop .01 below the breakout bar (the entry bar's low).
3. Project the length of the base upward for target, if there is no prior reference point.

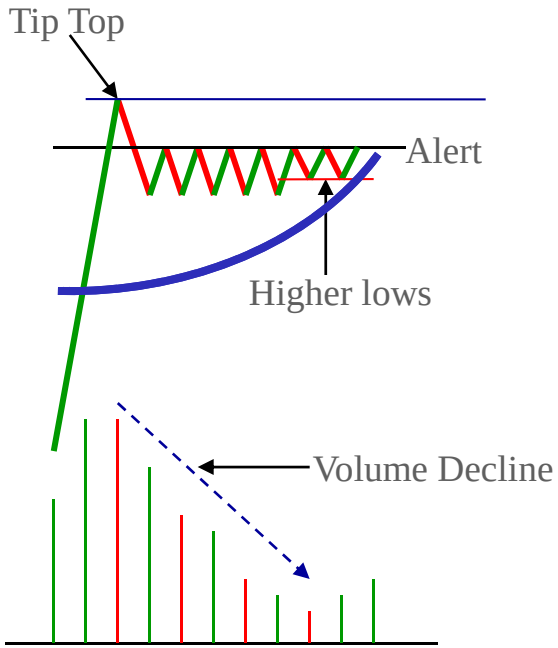
IMPORTANT POINTS

1. The best breakouts occur at or near the point of contact with the rising 20ma/8ma
2. A iFund Traders buy Set-up at the bottom of a base can be an early buy opportunity for the watchful trader, if the VBS is occurring at or the rising moving average.
3. We play BOPs more on 2- and 5-minute charts when scalping
4. A Pause (Base) VS a Top – When a Base Is a Top and not a Pause:
   a. Pauses (bases) are narrow; Tops are wide and whippy
   b. Pauses (bases) have small bars; Tops have big wide range bars
   c. Pauses (bases) have light volume; Tops have big volume
   d. Pauses "usually" don't cross the 20ma by much; Tops cross below it.

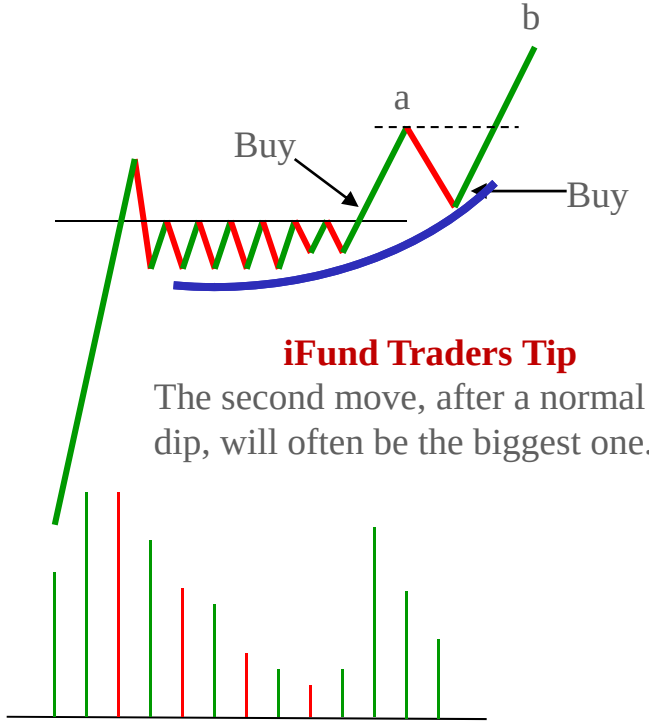
iFundTraders.com

iFund Traders Breakout Play (BOP)

iFund Traders Breakout Play – This buy tactic will be the iFund Traders second most frequently traded event. On many days, it will be the only pattern traded, as stocks tend to spend the majority of their intra-day time drifting sideways in bases. Therefore, this is a tactic that must be mastered..



Pattern Set-up



iFund Traders Tip

The second move, after a normal dip, will often be the biggest one.

Buy Action

Trading Note: Bases that are tight and narrow with declining volume, rising lows and a rising 8ma and/or 20ma produce the highest odds of exploding to the upside, once they clear the over head resistance. Keep in mind that these "pauses" are not negative, despite the apparent loss of momentum. They simply serve as pit stops on the way to higher ground. In essence, they give the stock the ability to rest and rejuvenate before another big advance begins. The iFund Traders Breakout Play is a staple amongst our traders.

iFundTraders.com

Breakout Play (BOP)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

5-min Breakout Play (BOP)

What should you be getting ready to do right now?

A tight sideways pause (time consolidation) into a rising 20ma will tend to blast off right at or near the point of the contact with the r20ma. If the price were to go beyond the 20ma, and the 20ma were to go flat, the odds increase that the base is a stage 3, not a pause.

Chart Courtesy of Realtick®

iFundTraders.com

Breakout Play (BOP)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Daily Breakout Play

Tip 1: A tight narrow base that drifts into a rising 20ma is not a top, rather it's a pause in the context of an on-going trend.

The move that preceded the base on the left will continue on the right. At or near the point of contact with the 20ma, the stock often explodes.

Note the explosive move at the start of October. The move was born from a small, narrow range bar. **Tip 2:** *The market's biggest moves, ignite from its smallest bars.* Never forget this!

Chart Courtesy of Realtick®

iFundTraders.com

Breakout Play (BOP)

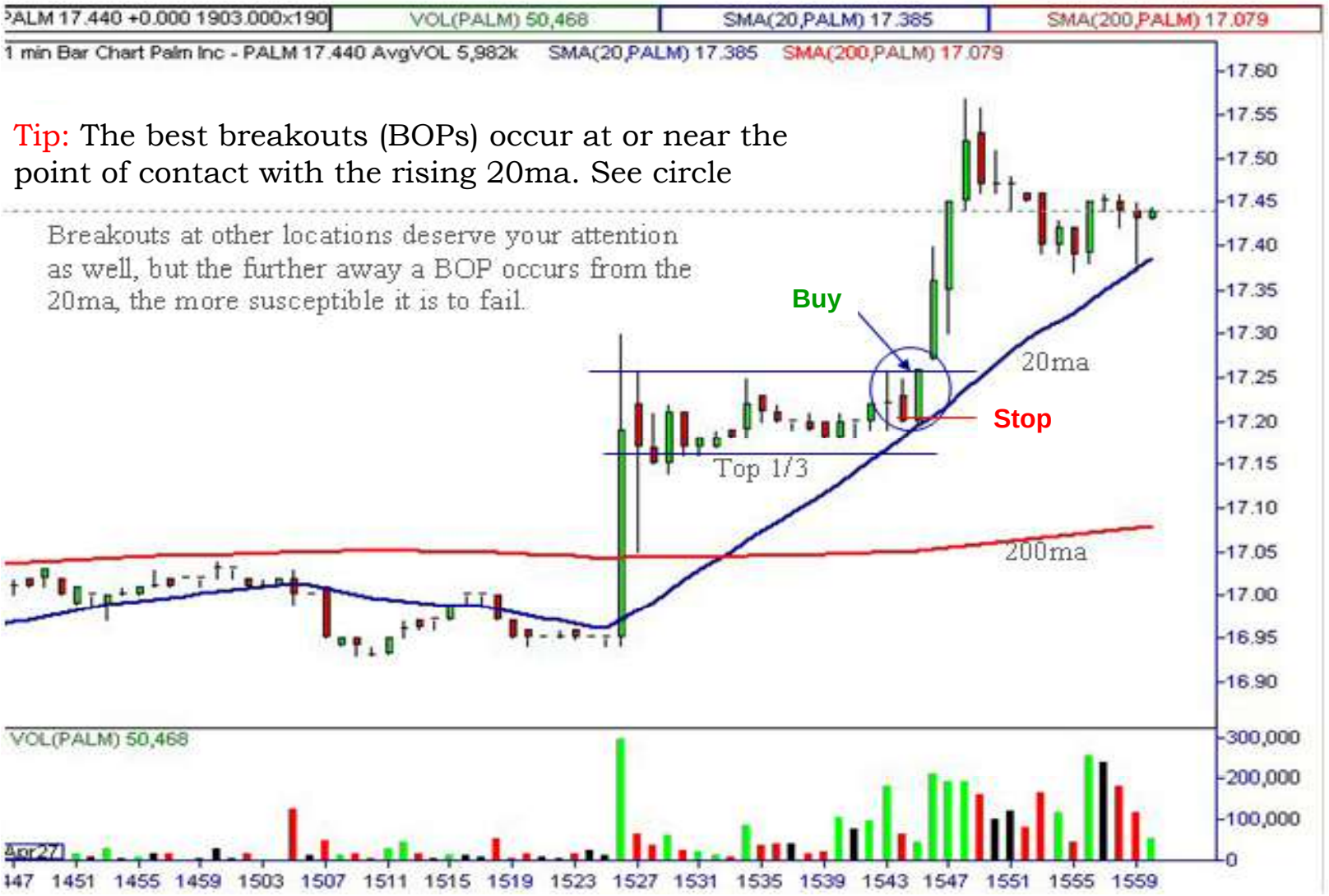


Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Breakout Play (BOP)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakout @ 8ma

Charts Courtesy of iFund Traders Pro®

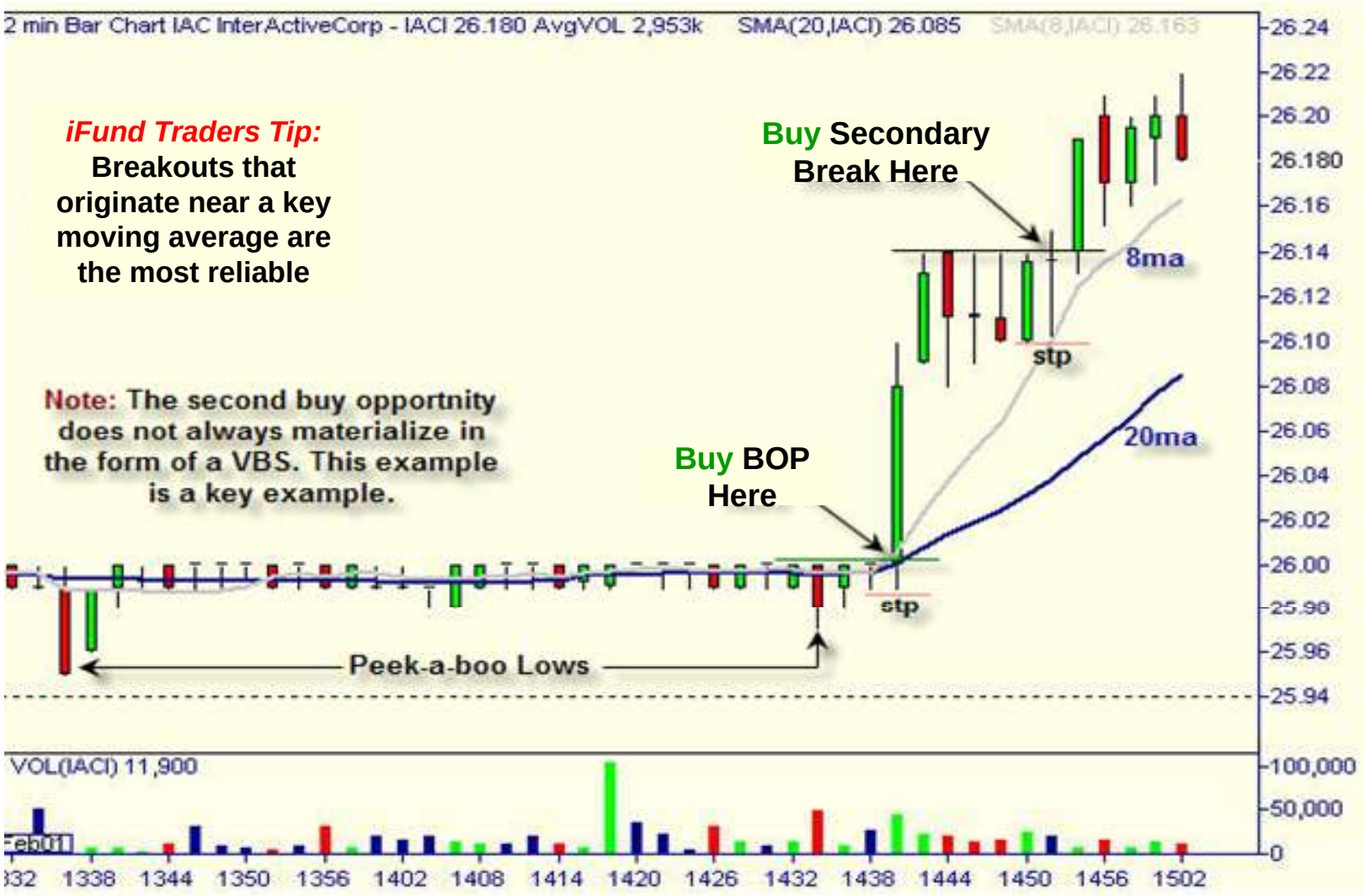
iFundTraders.com

Breakout Play (BOP)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakout Play (BOP)



Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakout Play (BOP)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakout Play (BOP)

ERTS 58.610 +0.200 58.600x58.640
VOL(ERTS) 500
SMA(20,ERTS) 58.344
1 min Bar Chart Electronic Arts Inc - ERTS 58.610 AvgVOL 3,767k
SMA(20,ERTS) 58.344
The first drop after a strong breakout is almost always buyable.
Tip 1: Remember trading is an odds-based game. While this action will not likely result in wins 100% of the time, it does often enough to make a permanent rule or course of action.
Tip 2: Once the stock gets above a the 8ma, it no longer belongs to you. You must let the 8ma take over the trade.
8ma
20ma
Buy Here
Buy Here
Stop Here
VOL(ERTS) 500
58.70
58.65
58.610
58.55
58.50
58.45
58.40
58.35
58.30
58.25
58.20
58.15
58.10
58.05
58.00
57.95
30,000
20,000
10,000
0
032 1035 1038 1041 1044 1047 1050 1053 1056 1059 1102 1105 1108 1111 1114 1117 1120 1123

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakout Play (BOP)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

5-min Breakout Play (BOP)

Tight sideways patterns above the 20ma during midday doldrums often lead to breakouts that run to overhead resistance points, such as the 200ma.

Chart Courtesy of Realtick®

iFundTraders.com

Breakout Play (BOP)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Breakdown Play (BDP)

PATTERN SETUP

1. The sideways base can form in an established downtrend or after a after an uptrend
2. The base should be narrow and thin, not wide and whippy
3. The volume should be light during base, not heavy
4. The 20ma and/or 8ma should still be declining.
   Note: in the downtrend, this is very important, more so than in an uptrend.

SELL/SHORT ACTION

1. Short the bar that breaks below the last 2/3s of the base.
2. Place stop .01 above the breakdown bar or above the entire base. This is your choice.
3. Project the length of the base downward for target, if there is no prior reference point.

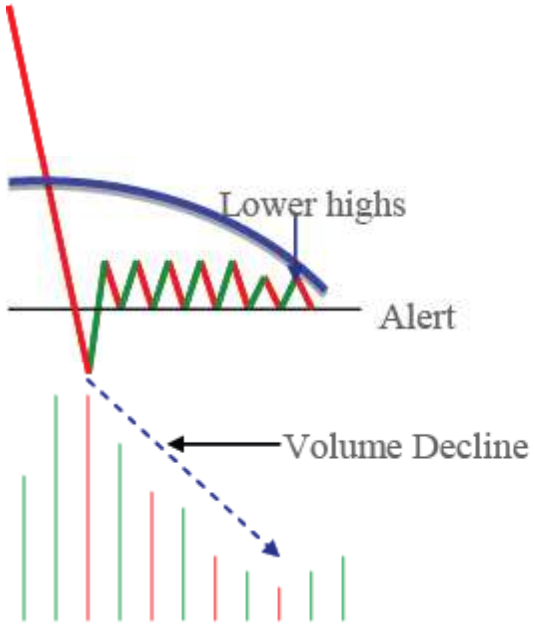
IMPORTANT POINTS

1. The best breakdowns often occur at or near the point of contact with the d20ma
2. A iFund Traders Sell Set-up at the top of a base can be an early short opportunity for the watchful trader, if the base is wide enough.
3. We play BDPs more on 2 and 5-minute charts when scalping
4. A Pause (Base) VS a Bottom:
   a. Pauses (bases) are narrow; Bottoms are wide, whippy and long
   b. Pauses “usually” don’t cross the 20ma by much; Bottoms cross below the 20ma, and eventually become one with the flat 20ma (f20ma)
   c. Pauses don’t tend to form too far below the 200ma, while Bottoms do.
   d. Bottoms often bring the 20ma and the 8ma together to form one MA; Pauses don’t.

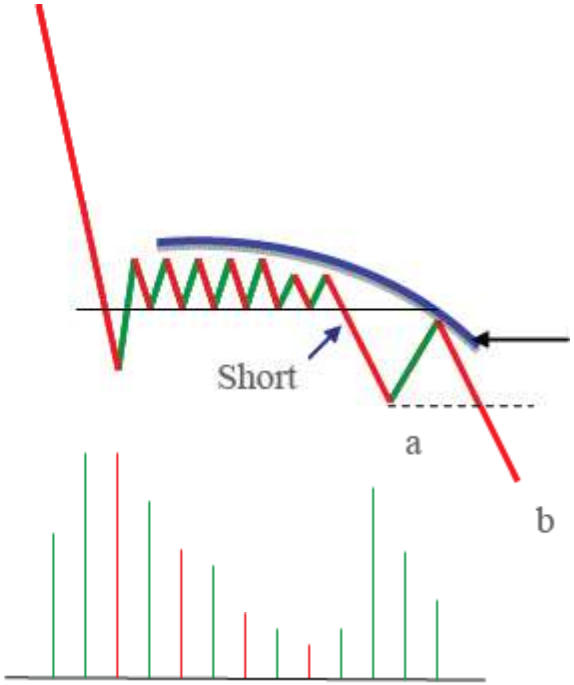
iFundTraders.com

iFund Traders Breakdown Play (BDP)

iFund Traders Breakdown Play – This short tactic will be the iFund Trader's second most frequently traded event. On many days, it will be the only pattern traded, as stocks tend to spend the majority of their intra-day time drifting sideways in bases. Therefore, this is a tactic that must be mastered. In fact most iFund Traders prefer **BDP's** over **BOP's**



Pattern Set-up



Short Action

Trading Note: Bases that are tight and narrow with declining volume, declining highs and a declining 20ma, produce the highest odds of collapsing to the downside, once they clear the support. Keep in mind that these "pauses" are not Bullish , despite the apparent loss of momentum. They simply serve as rest stops on the way to lower ground. In essence, they give the stock the ability to relax and rejuvenate before another big collapse begins. The iFund Trader's Breakdown Play is a staple amongst our traders.

iFundTraders.com

15-min Breakdown Play (BDP)

Chart Courtesy of Realtick®

iFundTraders.com

Breakdown Play (BDP)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

5-min Breakdown Play (BDP)

Most breakdowns occur in three parts: 1) The initial break; 2) the first pullback; 3) the secondary break. Our traders look to take the following actions: a) short the initial break (BDP); b) cover before the first pullback materializes; c) short the iFund Traders Sell Set-up (SS) at the top of the rally; d) cover on the secondary break.

Chart Courtesy of Realtick®

iFundTraders.com

Breakdown Play (BDP)

JBLU -11.400 -0.350 11.400x11.416
VOL(JBLU) 6,812
SMA(20,JBLU) 11.457
SMA(200,JBLU) 11.650
5 min Bar Chart JetBlue Airways Corporation - JBLU 11.400 AvgVOL 6,027k
SMA(20,JBLU) 11.457
SMA(200,JBLU) 11.650
200ma
VSS w/ TT
GBI
20ma
*Wide Range Bar (WRB)
Sell / Short
*Note how the base remains in the lower portion of the wide range bar (WRB) indicating more bearishness to come.
VOL(JBLU) 6,812
Mar 29
0935 0950 1005 1020 1035 1050 1105 1120 1135 1150 1205 1220 1235 1250 1305 1320 1335 1350 1405 1420 1435

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Breakouts & Breakdowns

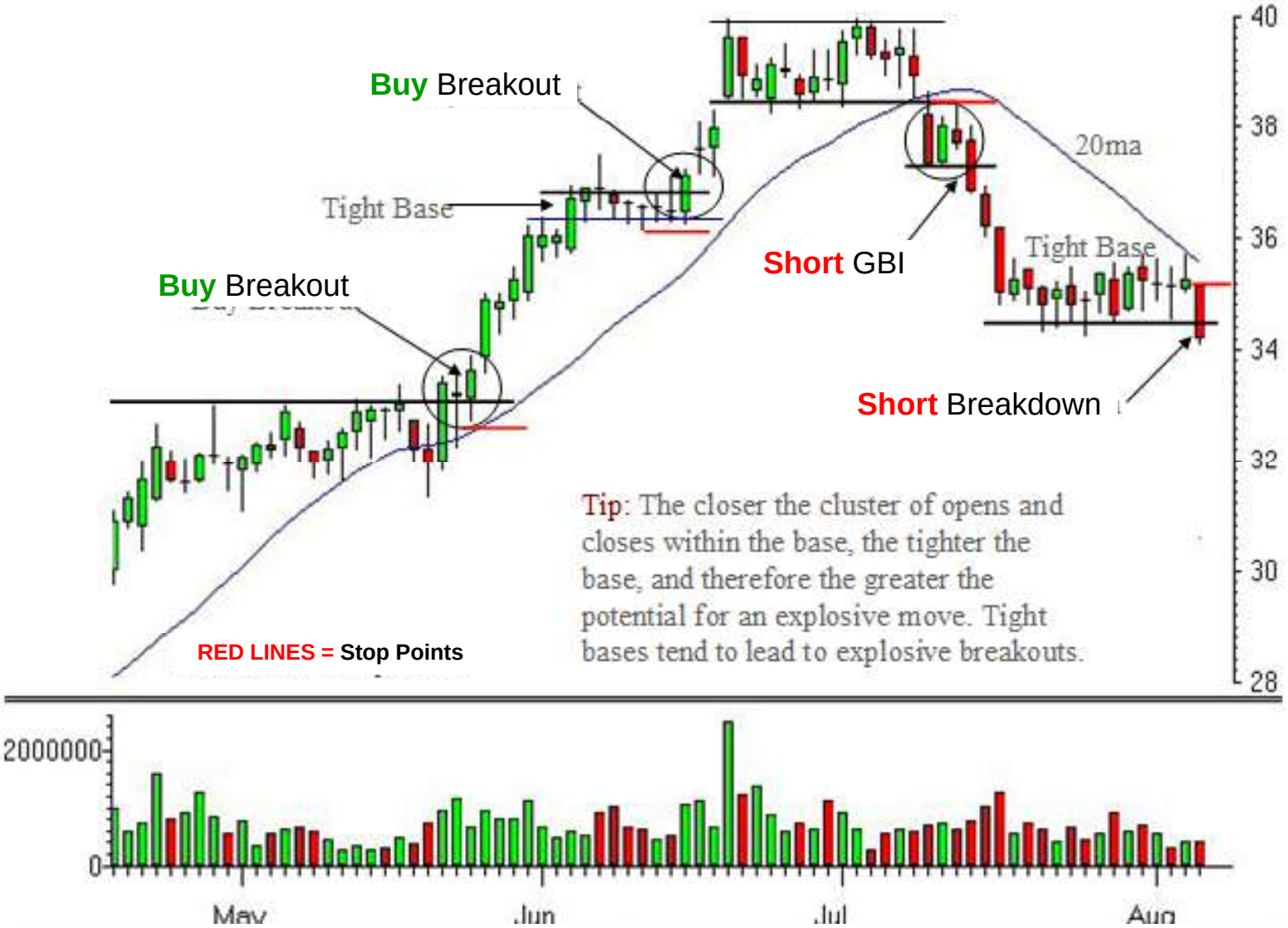


Chart Courtesy of Realtick®

"Section VIII"
One Bar Strategies

CHAPTER 19

"A long watch list leads to missed opportunities"
Oliver Velez

iFundTraders.com

Bull 180° Play (+180)

PATTERN SETUP

1. The current bar must represent a very bearish period. This is to say that most of the bar's range should be red.
2. The open must be in the top part of bar's range.
3. The close must be in the bottom part of the bar's range.
4. The further this bar is away from the 20ma, the better.

IMPORTANT POINTS

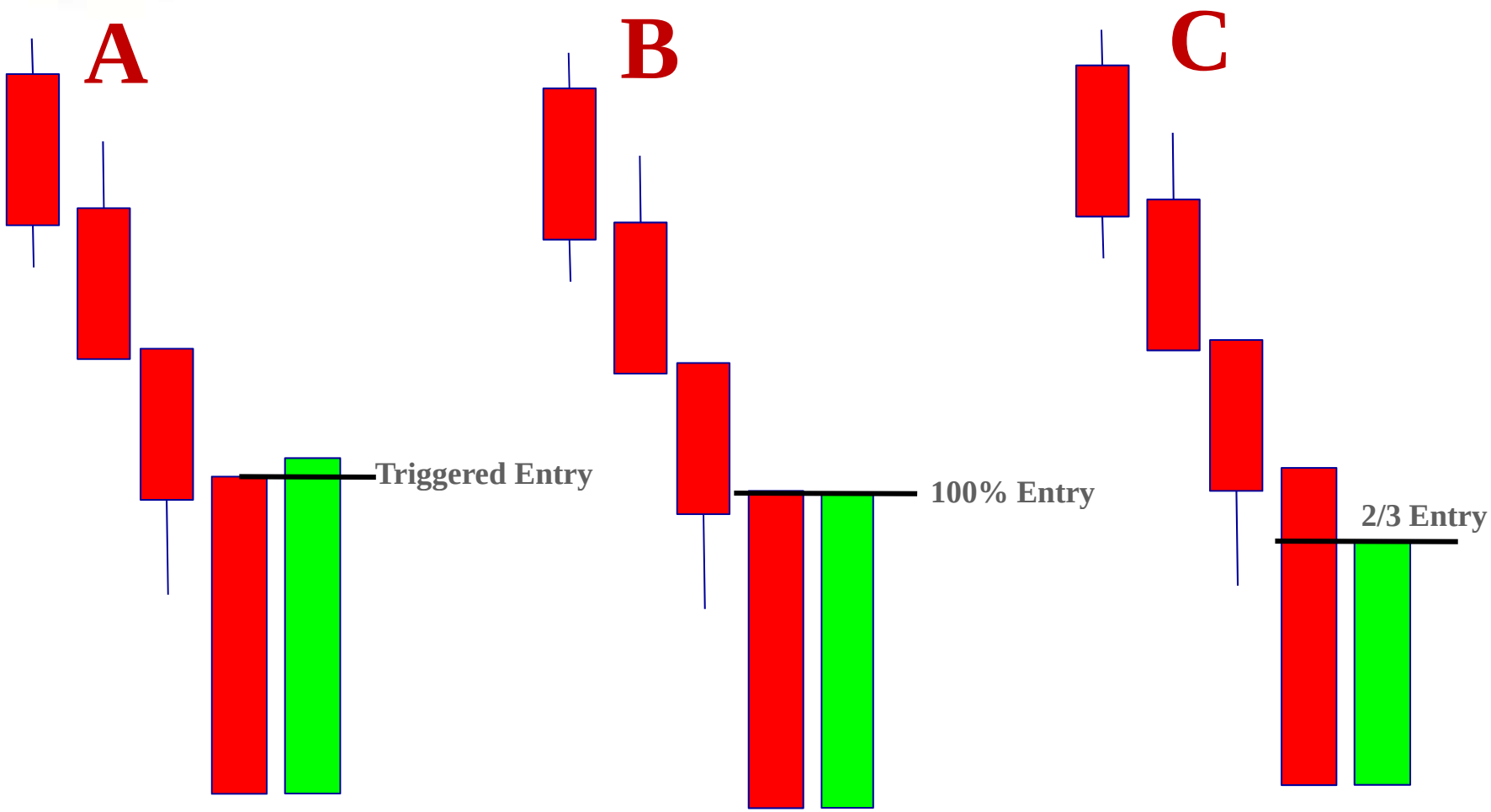
1. Works accurately on stocks in all price ranges.
2. Works best as a multi-bar trading tactic and can often result in healthy gains.
3. Properly used this tactic can enjoy an incredible accuracy rate.
4. When you've found a Bull 180, know that you have just grabbed the absolute low for a very long period time, relative to the time period.

BUY ACTION

1. Buy the stock $0.01 above the high of the red bar if and when it's violated. ***Tip: Some traders may prefer to use the 2/3 or greater rule if prior red bars exist before the most current one, the TIF rules apply in this situation. If the current red bar is the only red one, however, the trader must use the 100% entry method.***
2. Place a protective stop $0.01 below the entry bar's low. If that is too far away, use the 2/3 stop loss method. Trail after a two bar lift.

iFundTraders.com

Bull 180° Play (+180)



A) When a Bull 180 clears the prior bar's high the entry can be made before the bar is complete and without regard to the **TIF Rules**

B&C) When a Bull 180 is forming and is between the 100% and 2/3 retracement of the prior bar's high, the **TIF Rules** must be followed if an entry is to be made before the bar is complete.

iFundTraders.com

TIME IN FORMATION (TIF)

One Minute – There is no early entry for TIF, the bar must be completed

Two Minute – There is no early entry for TIF, the bar must be completed

Five Minute – The bar must be 4:52 or more before a TIF entry can be taken

Fifteen Minute - The bar must be 14:30 or more before a TIF entry can be taken

Sixty Minute – The bar must be 57:00 or more before a TIF entry can be taken

iFundTraders.com

Bull 180° Play (+180)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Bull 180° Play (+180)

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Bull 180° Play (+180)

Chart Courtesy of iFund Traders Pro™

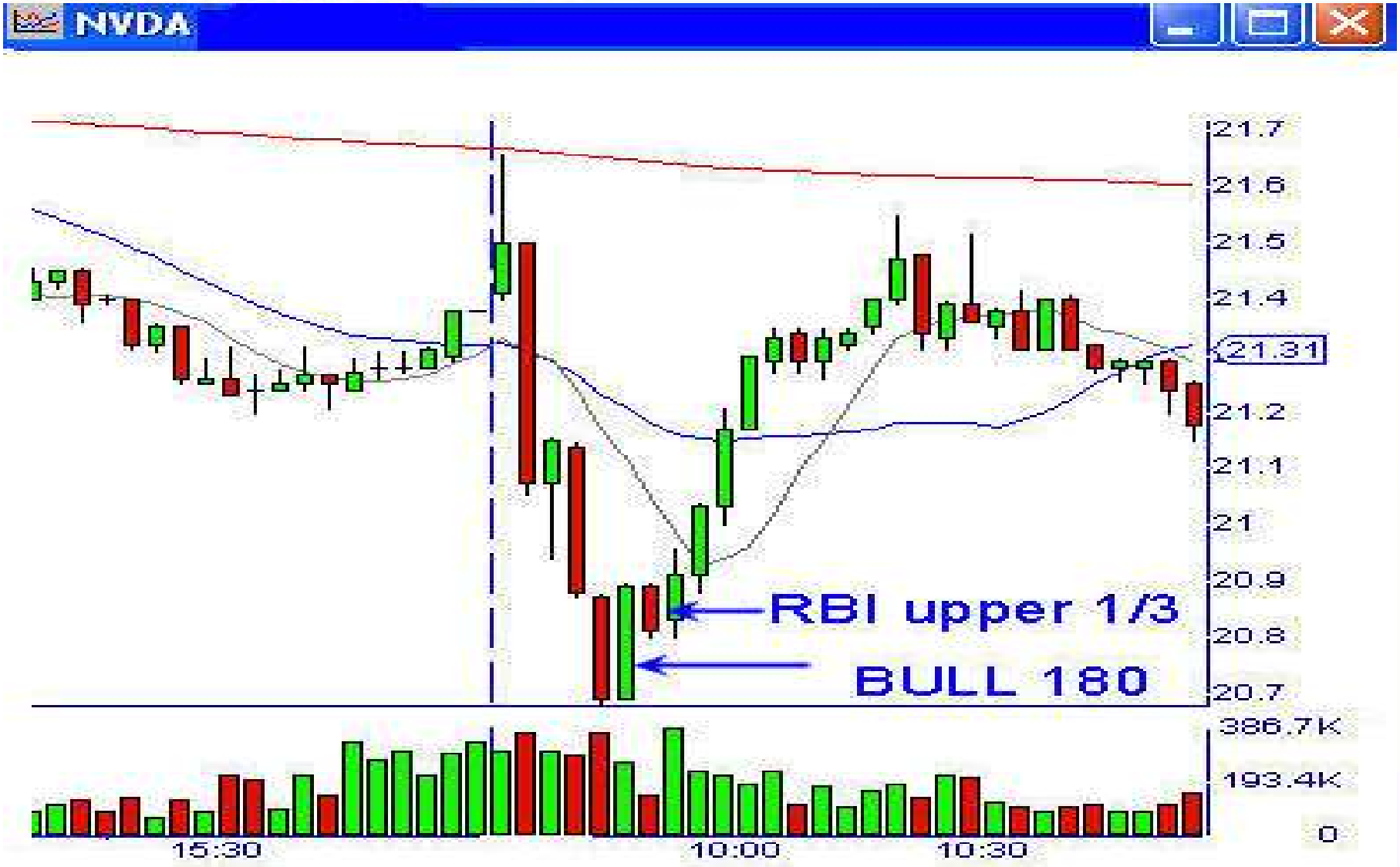
iFundTraders.com

Bull 180° Play (+180)

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Bull 180° Play (+180)



iFundTraders.com

Bear 180° Play (-180)

PATTERN SETUP

1. The current bar must represent a very bullish period. This is to say that most of the bar's range should be green.
2. The open must be in the bottom part of bar's range.
3. The close must be in the top part of the bar's range.
4. The further this bar is away from the 20ma, the better.

IMPORTANT POINTS

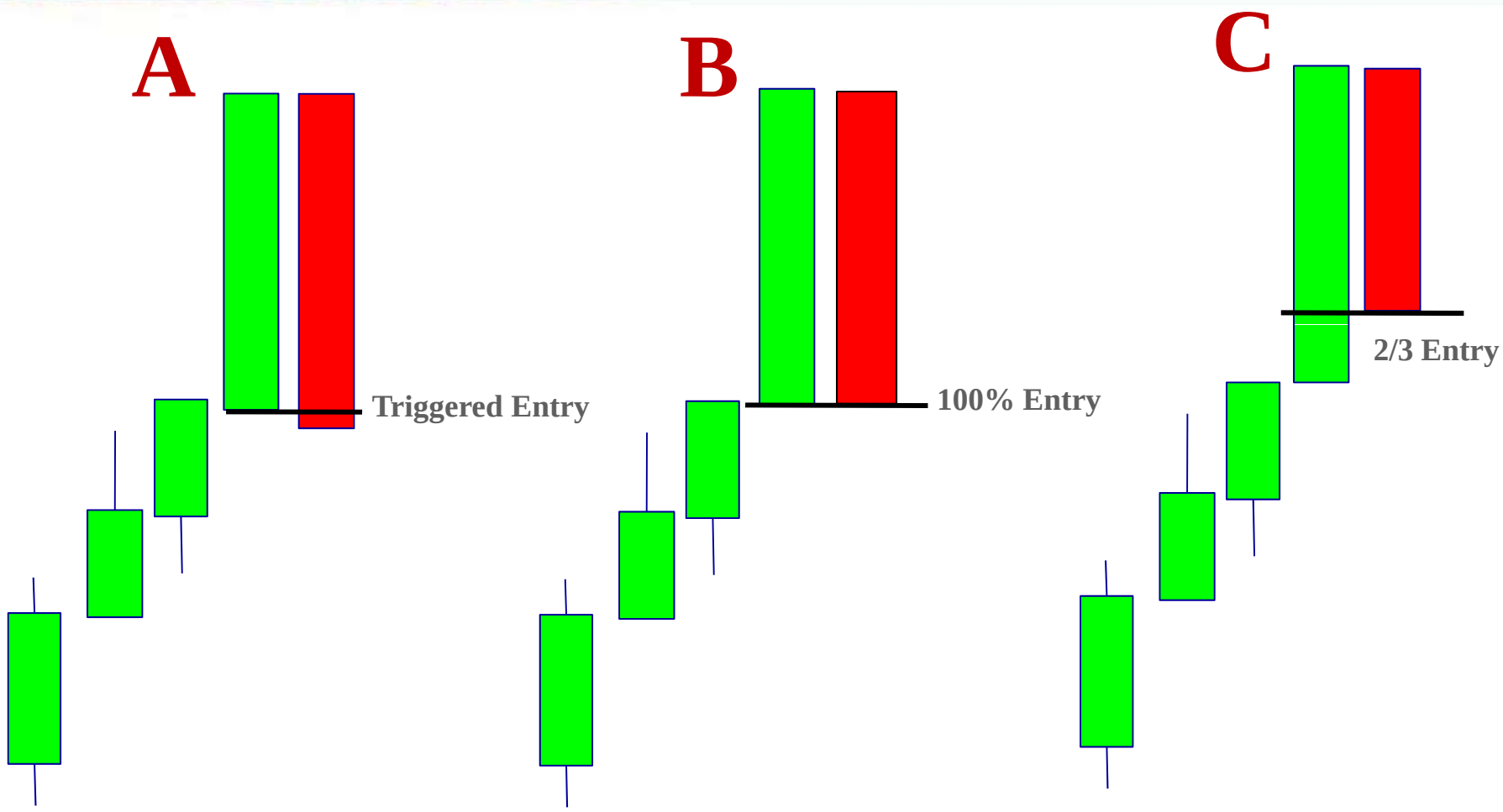
1. Works accurately on stocks in all price ranges.
2. Works best as a multi-bar trading tactic and can often result in healthy gains.
3. Properly used this tactic can enjoy an incredible accuracy rate.
4. When you've found a Bear 180, know that you have just grabbed the absolute top for a very long period time, relative to the time period.

SHORT ACTION

1. Short the stock $0.01 below the low of the green bar if and when it's violated.
   Tip: Some traders may prefer to use the 2/3 entry rule if prior green bars exist before the most current one, the TIF rules apply in this situation. If the current green bar is the only green one, however, the trader must use the 100% entry method.
2. Place a protective stop $0.01 above the entry bar's high. If that is too far away, use the 2/3 stop loss method. Trail after a two bar drop.

iFundTraders.com

Bear 180° Play (-180)



A) When a Bear 180 clears the prior bar's low the entry can be made before the bar is complete and without regard to the **TIF Rules**

B&C) When a Bear 180 is forming and is between the 100% and 2/3 retracement of the prior bar's high, the **TIF Rules** must be followed if an entry is to be made before the bar is complete.

iFundTraders.com

TIME IN FORMATION (TIF)

One Minute – There is no early entry for TIF, the bar must be completed

Two Minute – There is no early entry for TIF, the bar must be completed

Five Minute – The bar must be 4:52 or more before a TIF entry can be taken

Fifteen Minute - The bar must be 14:30 or more before a TIF entry can be taken

Sixty Minute – The bar must be 57:00 or more before a TIF entry can be taken

iFundTraders.com

Bear 180° & Others

1- Two NBs kicked off an explosive move; 2- Bear 180; 3- GUS off support; 4- VSS w/ NBs and GBI; 5- NB on Support; 6- VBS w/ BT and GBR on MPS

Chart Courtesy of Realtick®

iFundTraders.com

Bear 180° Play (-180)

iFundTraders.com

Bear 180° Play (-180)

iFundTraders.com

Bear 180° Play (-180)

iFundTraders.com

Red Bar Ignored (RBI)

PATTERN SETUP

1. Bar 1 must be a bullish green bar. This is the bar that dictates the direction of the trade.
2. Bar 2 must be a red bar. The best red bars stay (trade) within the top 1/3 of Bar 1, without trading above Bar 1's high, but this is *not* required.

IMPORTANT POINTS

1. This tactic works amazingly on all times frames, but is even more powerful when used on the 5-min, 2-min and 1-min time frames.
2. Works accurately on stocks in all price ranges.
3. This tactic has an amazing accuracy rate.
4. This buy tactic helps traders jump on board strong trending stocks already in motion.

BUY ACTION

1. Immediately buy when Bar 3 (or 4) trades $0.01 above the highs of Bar 2 (red bar). Note: This signifies that the very brief negativity of the red bar was nothing more than a breather for the stock. When red bars are ignored, explosive moves tend to follow.
2. Place your stop $0.01 below the low of your entry bar. Note: This makes this tactic very low risk, especially when the red bar is of the narrow range variety.
3. Use a trailing stop strategy until
   a. Your objective has been met
   b. The low of a reversal bar has been violated, or
   c. Your incremental sell approach has led to you running out of shares to sell.

iFundTraders.com

Red Bar Ignored **(RBI)**

1 min Bar Chart Cognizant Technology Solutions Corp - CTSH 84.450 AvgVOL 2,356k
"Strength tends to beget strength" – Oliver L. Velez
The RBI is the perfect tactic to hit up a winning stock for *multiple* wins. If a stock has ignited a powerful move, that advance is not likely over. Use any upcoming RBIs to jump on board for more.
Buy Here
Buy Here
8ma
20ma
Tip: You only need about three strong winning plays per day to make a living in the markets. When you find one, don't let it off the hook. Stay with it. The RBI will help you do this.
VOL(CTSH) 1,146
1021 1023 1025 1027 1029 1031 1033 1035 1037 1039 1041 1043 1045 1047 1049

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Red Bar Ignored **(RBI)**

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Red Bar Ignored **(RBI)**

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Red Bar Ignored (RBI)

The best RBIs trigger on the bar immediately following the red bar; however, at times the trigger will occur one bar later, as did this play.

Tip 1: As a general guide, the move before the RBI will be duplicated above the RBI.

Tip 2: The low of the red bar should NOT be violated.

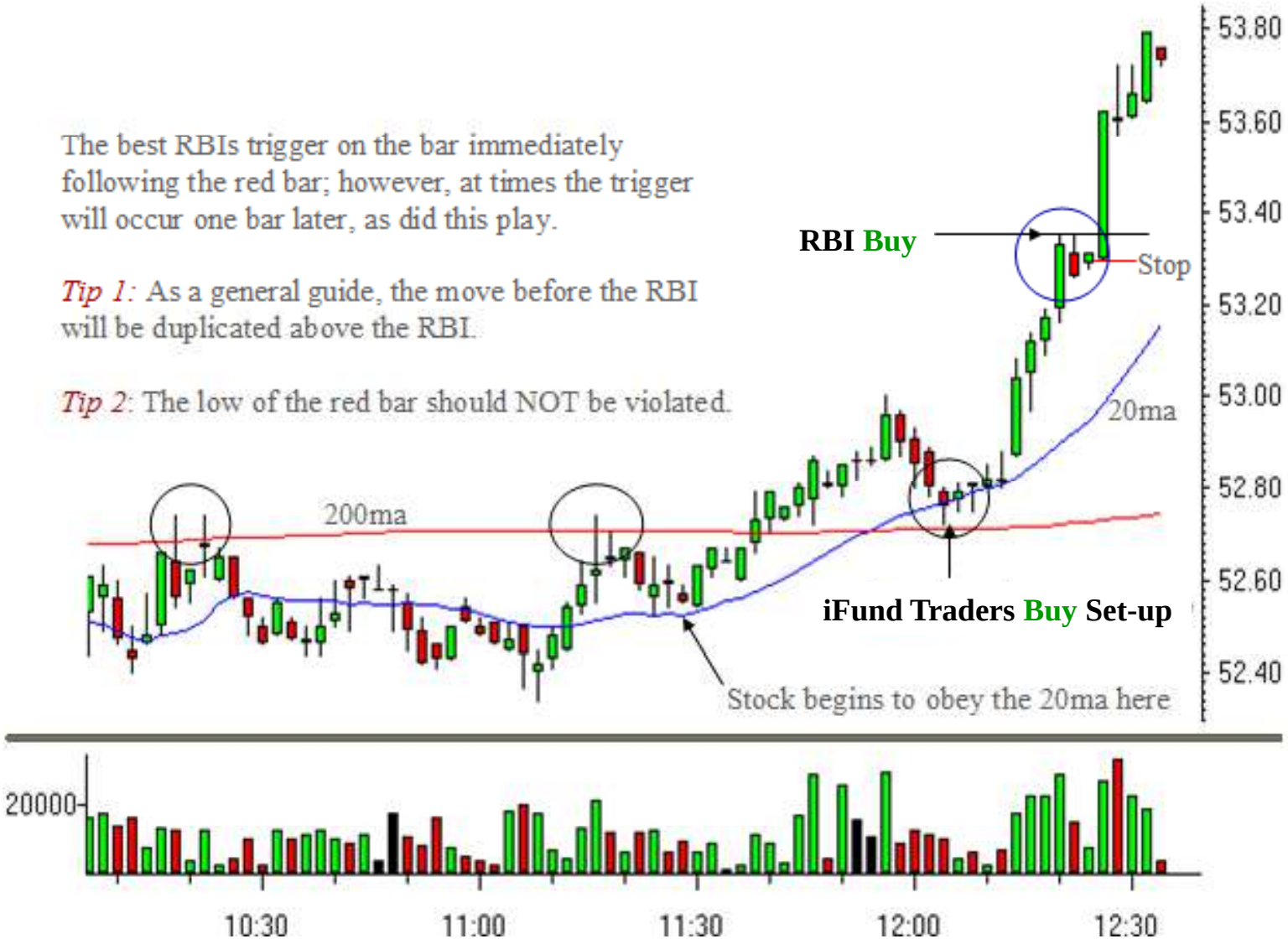


Chart Courtesy of Realtick®

iFundTraders.com

Red Bar Ignored **(RBI)**

iFundTraders.com

Red Bar Ignored **(RBI)**

iFundTraders.com

Green Bar Ignored (GBI)

PATTERN SETUP

1. Bar 1 must be a bearish red bar. This is the bar that dictates the direction of the trade.
2. Bar 2 must be a green bar. The best green bars stay (trade) within the bottom 1/3 of Bar 1, without trading below Bar 1's low, but this is *not* required.

IMPORTANT POINTS

1. This tactic works amazingly on all times frames, but is even more powerful when used on the 5-min, 2-min and 1-min time frames.
2. Works accurately on stocks in all price ranges.
3. This tactic has an amazing accuracy rate.
4. This short tactic helps traders jump on board strong trending stocks already in motion and not delivering sellable rallies.

SHORT ACTION

1. Immediately short when Bar 3 (or 4) trades $0.01 below the lows of Bar 2 (green bar). Note: This signifies that the very brief bullishness of the green bar was nothing more than a breather for the weak stock. When green bars are ignored, explosive moves to the downside tend to follow.
2. Place your stop $0.01 above the high of your entry bar. Note: This makes this tactic very low risk, especially when the green bar is of the narrow range variety.
3. Use a trailing stop strategy until
   a. Your objective has been met
   b. The high of a reversal bar has been violated, or
   c. Your incremental cover approach has led to you running out of shares to cover.

iFundTraders.com

Green Bar Ignored (GBI)

This short technique is amongst one of the most powerful in existence and one of the most frequently occurring.

Tip: iFund Traders can make a living with RBIs and GBIs alone.

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

Green Bar Ignored **(GBI)**

iFundTraders.com

Green Bar Ignored **(GBI)**

iFundTraders.com

Green Bar Ignored **(GBI)**

"Section IX"
Gap Strategies
& How to Profit from Them

CHAPTER 20

"What the tape says is far more important than why it's saying it."
- Jesse Livermore

iFundTraders.com

iFund Traders GAP **Buy** Tactics

If the iFund Trader has a bullish bias, he would look to BUY in one of two ways:

1. **BUY** above the first 5-minute high;
2. **BUY** a VBS if the stock dips first

If the iFund Trader has a bearish bias, he would look to SHORT in on of two ways:

1. **SHORT** below the first 5-minute low
2. **SHORT** a VSS if the stock rallies first.

Charts Courtesy of Realtick®

iFundTraders.com

iFund Traders GAP **Buy** Tactics

If the iFund Trader has a bullish bias, he would look to BUY in one of two ways:

1. **BUY** above the firs 5-minute high.
2. **BUY** a VBS if the stock dips first

If the iFund Trader has a bearish bias, he would look to SHORT in one of two ways:

1. **SHORT** below the first 5-minute low
2. **SHORT** a VSS if the stock rallies first.

After a gap up in the morning off prior days close support, the stock pulls back to give a near perfect VBS right around the 10:00 RT. A long bias causes the iFund Trader to wait for a buy set-up.

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

iFund Traders GAP **Buy** Tactics

Chart Courtesy of iFund Traders Pro™

iFundTraders.com

iFund Traders Gap **Buy** Tactic

iFund Traders Tip

If the r20ma is above the 200ma the iFund Traders can look for buy opportunities once the stock has filled a portion of its gap and formed a VBS.

Charts Courtesy of Realtick®

iFundTraders.com

2-minute Gap **Buy**

iFundTraders.com

Bull Monster Gap Play (+BMG)

SETUP

1. Bar 1 must be a relatively solid red bar. This is the bar that indicates the a large number of traders have sold already. Note: The smaller the upper and lower tails on Bar 1 the better.
2. Bar 2 must open above the high of Bar 1. Note: This signifies that now every hedge fund, mutual fund, trader and investor who sold short during Bar 1 is now in negative territory. All shorts are thrown for a loop and a short squeeze is underway.

IMPORTANT POINTS

1. This tactic has a high accuracy rate and usually produces an upside bias for the stock over the next (3 to 8 days), but will deliver huge losses when it fails.
2. This long tactic is a derivative of the Gap Up Surprise (GUS).

ACTION

1. Buy .01 (one penny) above the high of the first 2 or 5-minute bar. Place your stop just below the low of the entry bar.
2. Use the Bar-by-Bar Stop Method or use the 8ma or 20ma trailing stop method on the 2-minute chart to ride part of the trade for all it's worth. The 20ma on the 5-minute chart can be used to the ride the play once the move has matured.
3. If the stock does not trade up at first, but rather immediately trades down, look for a VBS on the 2 or 5-minute chart to buy before the 10:00 Reversal Time.

iFundTraders.com

Bull Monster Gap (+BMG)

BUY break above the 2- or 5-min high here

The following morning the stock must open above the entire red bar.

Prior bar must be a solid red bar. The majority of the bar's range from high to low must be red.

Look for VBS on the 2- or 5-min chart here

Action: Buy above the 5-minute high or buy the VBS, whichever happens first.

iFundTraders.com

Bull Monster Gap (+BMG)

iFundTraders.com

Bull Monster Gap (+BMG)

Chart Courtesy of Realtick®

iFundTraders.com

Bull Monster Gap (+BMG)

iFundTraders.com

Bull Monster Gap (+BMG)

iFundTraders.com

Bull Monster Gap (+BMG)

iFundTraders.com

Bull Monster Gap (+BMG)

iFundTraders.com

Bear Monster Gap (-BMG)

SETUP

1. Bar 1 must be a relatively solid green bar. This is the bar that indicates the a large number of traders have bought already. Note: The smaller the upper and lower tails on Bar 1 the better.
2. Bar 2 must open below the low of Bar 1. Note: This signifies that now every hedge fund, mutual fund, trader and investor who bought during Bar 1 is now in negative territory. All longs are thrown for a loop and a shake out is underway.

IMPORTANT POINTS

1. This tactic has a high accuracy rate and usually produces a downside bias for the stock over the next (3 to 8 days), but will deliver huge losses when it fails.
2. This short/sell tactic is a derivative of the Gap Down Surprise (GDS).

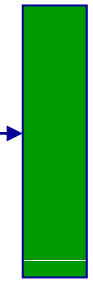
ACTION

1. Short .01 (one penny) below the low of the first 2 or 5-minute bar. Place your stop just above the high of the entry bar.
2. Use the Bar-by-Bar Stop Method or use the 8ma or 20ma trailing stop method on the 2-minute chart to ride part of the trade for all it's worth. The 20ma on the 5-minute chart can be used to the ride the play once the move has matured.
3. If the stock does not trade down at first, but rather immediately trades up, look for a VSS on the 2 or 5-minute chart to sell before the 10:00 Reversal Time.

iFundTraders.com

Bear Monster Gap (-BMG)

Prior bar must be a solid **green** bar. The majority of the bar's range from high to low must be **green.**



Short VSS here

The following morning the stock must open below the entire green bar.

Short break below the 2- or 5-min low here.

Action: **Short** below the 5-minute low or short the VSS, whichever happens first.

iFundTraders.com

Bear Monster Gap (-BMG)

Chart Courtesy of Realtick®

iFundTraders.com

Bear Monster Gap (-BMG)

iFundTraders.com

Bear Monster Gap (-BMG)

iFundTraders.com

Bear Monster Gap (-BMG)

iFundTraders.com
Your path to professional trading starts here™

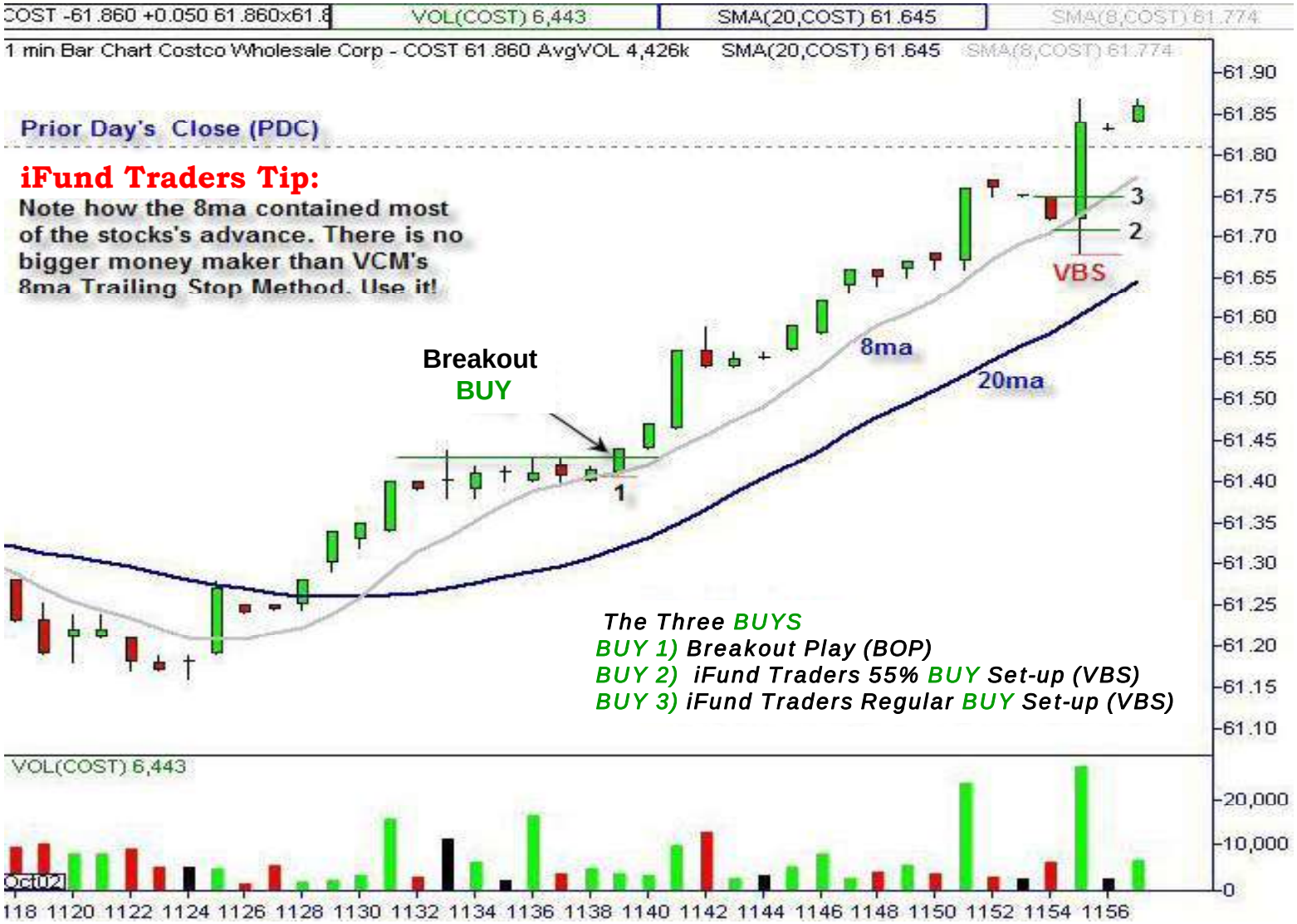
"Section X"
Trading Tactics:
Putting It all Together

CHAPTER 21

Trade For Life™
a complete guide to trading for a living
iFund Traders, L.L.C.

iFundTraders.com

iFund Traders **Buy** Opportunities



Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Wide Range Bar

5 min Bar Chart Express Scripts Inc - ESRX 64.110 AvgVOL 2,763k SMA(20,ESRX) 64.673
20ma Captures the the advance.
8ma
20ma
iFund Traders Tip:
WRBs "after" 3 or more up/down bars tend to mark the near end of a move.
Bear Wide Range Bar:
When these happen "after" an already extended move down, you can be rest assured you are close to the bottom. I start to bid very aggressively at the current inside bid/price and multiple levels below
VOL(ESRX) 49,540
Volume Surge (VS)
Feb04
66.20 66.10 66.00 65.90 65.80 65.70 65.60 65.50 65.40 65.30 65.20 65.10 65.00 64.90 64.80 64.70 64.60 64.50 64.40 64.30 64.20 64.110 64.00 63.90 63.80
200,000 100,000 0
045 1055 1105 1115 1125 1135 1145 1155 1205 1215 1225 1235 1245 1255 1305 1315 1325 1335 1345 1355 1405 1415 1425 1435 1445 1455 1505 1515 1525 1535 1545 1555

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

iFund Traders Tactics

iFundTraders.com

Reversal Bar Plays

1 – After filling the opening gap, bottoming tails form, suggesting support has been found. The RBI ignites the move up. **2** – After breaking above the 200ma, the stock finds support and the RBI ignites the move up. **3** – After an extended move, a RBR, coupled with a topping tail that formed well above the 20ma puts in the top. **4** – Once support is found at the 200ma, an RBI ignites the move up.

iFundTraders.com

Putting It All Together

1 min Bar Chart Cisco Systems Inc - CSCO 23.950 AvgVOL 57,910k
SMA(8,CSCO) 23.880
SMA(20,CSCO) 23.786
iFund Traders Tip:
After the first successful retest of a iFund Traders moving average, always assume another will occur. The circle shows the successful retest of the 8ma.
8ma
20ma
The 1st successful retest of the 8ma
Successful retest of the 20ma
200ma
Prior Day's Close (PDC)
VOL(CSCO) 425,204
Feb05
Feb06
557 1600 0932 0935 0938 0941 0944 0947 0950 0953 0956 0959 1002 1005 1008 1011
24.00 23.950 23.90 23.85 23.80 23.75 23.70 23.65 23.60 23.55 23.50 23.45 23.40 23.35 23.30 23.25 23.20
1,500,000 1,000,000 500,000 0

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Putting It All Together

Charts Courtesy of iFund Traders Pro®

iFundTraders.com

Putting It all Together

iFundTraders.com

Anatomy of a Bottom

iFundTraders.com

Anatomy of a Bottom

iFundTraders.com

Micro Trading Tactics

1 - BUY above the first 5-minute high, place stop below the day's low.
2 – SHORT the break of a previous bar's low around the 10:00 hour.
3 – BUY the dip, once the stock trades above a previous bar's low.

Charts Courtesy of Realtick®

iFundTraders.com

2-minute Micro Trading

Chart Courtesy of Realtick®

iFundTraders.com

2-minute Micro Trading

Intra-Day Buy Criteria

1. r20ma
2. r20ma > 200ma

Buy all Dips and BOs

iFund Traders Tip:
Use stops at red lines or use a trailing stop based on the r20ma

Chart Courtesy of Realtick®

iFundTraders.com

15-minute Trading

Chart Courtesy of Realtick®

iFundTraders.com

iFund Traders Tactics

After a gap up in the morning off prior day close support, this stock pulls back to give a near perfect VBS right around the 10:00 RT. After rallying to its prior high, a tight base forms at or near the 20ma.

iFundTraders.com

Your path to professional trading starts here™

"iFund Traders Appendix Section"

CHAPTER 22

iFundTraders.com

Your path to professional trading starts here™

iFund Traders Services:
Supporting Traders

iFundTraders.com

Stay In Touch

Contact Us

iFundTraders, LLC

2576 Broadway, Suite #158
New York, NY 10025

Toll Free: 866-877-6124
Fax: 866-877-6124

Email: corporate@iFundTraders.com

Additional Contacts

Customer and Technical Support:
support@iFundTraders.com

Customer Suggestions:
suggestions@iFundTraders.com

Sales:
sales@iFundTraders.com

Seminars:
seminars@iFundTraders.com

Trading Desk:
trading@iFundTraders.com